

ANNUAL REPORT 2009



09012286

A WORLD OF  
**INNOVATION**

Received SEC

SEP 14 2009

Washington, DC 20549

**molex**<sup>®</sup>



## FINANCIAL HIGHLIGHTS

(\$ in thousands, except per share data)

Operations	2009	2008	Change
Net revenue	\$ 2,581,841	\$ 3,328,347	(22.4)%
Income (loss) before income taxes	(318,888)	338,648	N/M
Net (loss) income	(321,287)	215,437	N/M
Net (loss) income as a percent of net revenue	(12.4)%	6.5%	
Return on invested capital	(12.4)%	7.4%	
<b>Per Share</b>			
Earnings (loss) per share:			
Basic	\$ (1.84)	\$ 1.19	N/M
Diluted	(1.84)	1.19	N/M
Dividends per share	0.61	0.45	35.6%
Book value (Basic average common shares)	11.81	14.83	(20.4)%
Average common shares:			
Basic	174,598	180,474	
Diluted	174,598	181,395	
Number of registered stockholders at June 30:			
Common Stock	2,381	2,460	
Class A Common Stock	8,302	7,527	
<b>Financial Position</b>			
Total assets	\$ 2,942,157	\$ 3,599,537	(18.3)%
Working capital	733,421	1,133,522	(35.3)%
Total debt	254,651	213,020	19.5%
Backlog	253,029	436,487	(42.0)%
Stockholders' equity	2,062,564	2,676,846	(22.9)%
Total debt as a percent of stockholders' equity	12.3%	8.0%	
Number of employees at June 30	25,240	32,160	(21.5)%
Current ratio	2.0/1	2.7/1	

Molex Incorporated is a 71-year-old manufacturer of electronic components, including electrical and fiber optic interconnection products and systems, switches, integrated products and application tooling. The company operates 43 manufacturing locations in 18 countries and employs over 25,000 people. Molex serves original equipment manufacturers in industries that include automotive, business equipment, computer, computer peripherals, consumer products, industrial equipment, premise wiring and telecommunications. We offer more than 100,000 products to our customers, primarily through direct salespeople and authorized distributors.

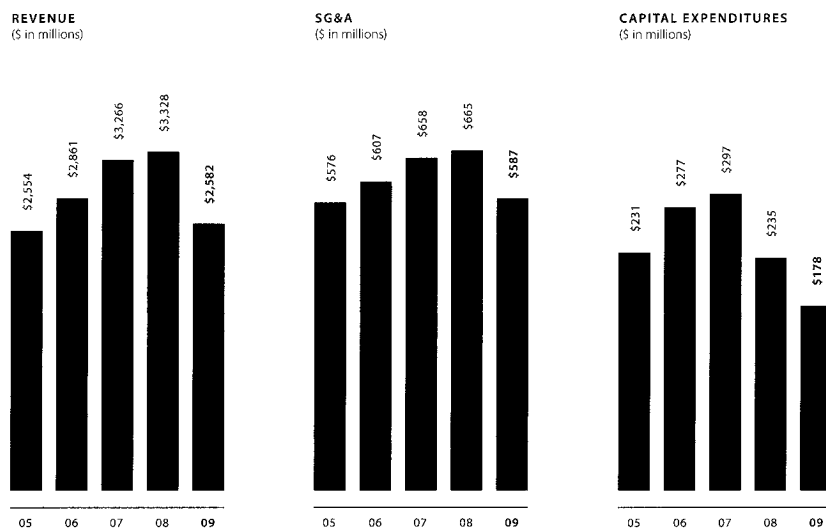
N/M – not meaningful

## DEAR SHAREHOLDERS

In fiscal 2009, Molex moved steadily forward in an environment of global economic challenge. As we accelerated our cost reduction initiatives, we continued our investments to develop a world of innovation—understanding where the world is going and creating technology that helps our customers get there first.

### DRAMATIC DOWNTURN, RAPID RESPONSE

As you all know, fiscal 2009 was even more challenging than the previous year for Molex and a large majority of companies worldwide. A look at our financial highlights (opposite page) shows how Molex was impacted: revenue down by 22 percent year over year.



The good news is, we took quick and decisive action to mitigate the effects without compromising our ability to grow and lead in the future. As the global economy further deteriorated during the first quarter of our fiscal year, we moved to reduce headcount, lower employee benefits costs and adjust employee work schedules in key plants to reflect the dramatic decline in orders.

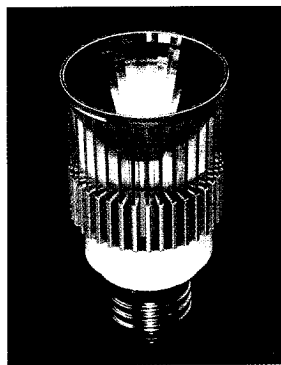
We accelerated reductions in capital spending and selling, general and administrative (SG&A) costs, cutting the latter by \$78 million year over year. We further streamlined our structure in fiscal 2009 by consolidating the five Molex product divisions into three, creating significant new efficiencies. With fewer redundancies and improved processes,

this division structure contributed significantly to our ability to respond to rapid change in the global marketplace. The overall result of our efforts is a significantly lower break-even point—a benefit in tough times that becomes a real competitive advantage once the global economy rebounds.

Another positive: Our bookings have steadily recovered since our low point at mid-year. After an almost 50 percent drop between September and December, 2008, we have seen incoming orders increase, month by month, to the point where bookings in the fourth quarter were up 21 percent from the March quarter.

#### CONTINUED INNOVATION EXCELLENCE AND LEADERSHIP

As we aggressively cut costs, we continued to focus on product innovation. In fiscal 2009, we released more than 190 innovative new products while maintaining appropriate investments in research and development for the future.



Using proprietary Molex technology, we launched a new Solid State Lighting (SSL) business unit and introduced a new series of Molex SSL products that represent a fully integrated solution to advance LED technology applications. Called the Transcend™ Lighting Series, the new Molex line features small, interchangeable modules designed to address key barriers to wider LED technology adoption, supporting precise heat and current management and superior illumination.

Also in fiscal 2009, we introduced S'NEXT, interconnect products for the next generation of high-definition audio/video technology. During the year, other new Molex products supported advances in network analytics/diagnostics for factory automation, proximity sensors for automotive safety, and rooftop photovoltaic panel systems.

#### INVESTING TO DRIVE FUTURE GROWTH

We continued to lay the groundwork for future Molex growth with two niche acquisitions in fiscal 2009. In the first transaction, our Micro Products Division acquired Fujigami Micro, which strengthens our capabilities with its leadership in the development of custom electro-mechanical components of the smallest size. Markets include hard disc drive components, semiconductor leadframes and other electronic components.

The second acquisition completed during the year was our purchase of key assets of the Motorola Antenna/EMC Measurement Lab in Aalborg, Denmark. This acquisition brings industry-leading RF antenna research and EMC testing capabilities to further advance Molex antenna technologies for wireless applications. The Aalborg facility supports the



continued expansion of Molex's antenna business, which represents a significant growth opportunity as wireless technologies become the standard in an increasing number of customer applications.

#### **MEETING THE CHALLENGES AHEAD: FISCAL 2010 PRIORITIES**

Our first priority for fiscal 2010 is to complete the restructuring program that began in June 2007 and was significantly increased in early 2009 as a result of the sudden economic downturn. We will meet our commitment to finish implementation of the program by the end of fiscal 2010.

We have completed the announcement of all major actions and are now highly focused on executing the remaining restructuring projects on time to achieve the expected cost benefits. We have announced the complete closure of 14 facilities—two in the United States, eight in Europe and four in Asia, including two in Japan. In addition, we have plans to relocate a significant level of production from high-cost countries to low-cost regions for additional cost savings and to centralize production for more efficient operations.

Also as part of the restructuring program, we are well along in planned capital expenditure, SG&A and headcount reductions. In total, we expect to incur restructuring charges of \$245 million to achieve an annual run rate cost reduction of \$200 million.

With the closing of 14 plants across our global footprint, we are moving capacity and tooling to a smaller number of larger, fully integrated facilities—we're reducing bricks and mortar, but we're not compromising our capacity to grow with the return of robust demand in our markets. Our new plant in Chengdu, China, is an excellent example of this strategy. It's the largest manufacturing facility Molex has ever built, and its location in western China positions us for profitable long-term growth in Asia.

Our balance sheet is still very strong. In the current credit environment, we will continue to maintain that strength—and with the revolving credit facility we put in place during the past fiscal year, we have an even stronger platform to leverage for future acquisitions and other growth opportunities.

#### **A BRIGHT LONG-TERM FUTURE**

The electronics market is going to grow. Electronic technology is central to virtually every major sector in the global economy, and even in the current environment, it's advancing at an amazing pace.

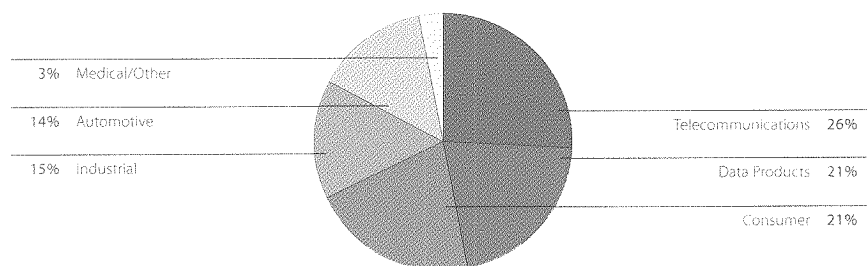
Devices are becoming more and more complex at the same time they become smaller and smaller. Analog is transitioning to digital. Communications are becoming more mobile

every day, and data is increasingly accessible from anywhere. Sustainability is no longer an option—it's mandatory, in products and systems, as well as in the materials—and processes—used to make them. All of these market forces play right into Molex strengths and strategies.

We intend to grow by taking share in existing markets while continuously developing new ones. We are pursuing traditional organic growth with an emphasis on building relationships with a larger number of smaller companies, in addition to large global accounts. There's strong growth potential with these smaller companies, and the expanded customer relationships mean a more stable revenue base.

At the same time, we will continue to increase our focus on markets where we have a small share with a lot of opportunity to grow, such as military, medical and industrial; build our technology leadership with internally financed new initiatives such as the SSL series and S'NEXT; and grow through acquisition where we can acquire new technologies or market access.

**REVENUE BY MARKET**  
Fiscal 2009



Though it is difficult to forecast when the global economy will recover, Molex traditionally does well coming out of economic downturns. We have always moved aggressively to improve operations while leveraging our financial strength to invest in new technologies and long-term growth. We have always focused beyond today's technologies—our work is to help our customers create the future.

These are exactly the things we are doing now. We are leaner and more aligned globally than we have ever been. Our new-product portfolio and pipeline are more robust than ever. We are working to position Molex to outperform the market as the economy improves—one company, creating a world of innovation, as confident as we have ever been in our success.

**MARTIN P. SLARK**  
Vice Chairman and Chief Executive Officer

**LIAM G. MCCARTHY**  
President and Chief Operating Officer



FORM 10-K FINANCIALS  
AND PROXY STATEMENT

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## Form 10-K

- ☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the fiscal year ended June 30, 2009

OR

- ☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 0-07491

## MOLEX INCORPORATED

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**36-2369491**

(I.R.S. Employer  
Identification No.)

**2222 Wellington Court, Lisle, Illinois 60532**

(Address of principal executive offices)

Registrant's telephone number, including area code:

(630) 969-4550

### SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT

Title of Each Class

Name of Each Exchange on Which Registered

Common Stock, par value \$0.05  
Class A Common Stock, par value \$0.05

The Nasdaq Stock Market, Inc.  
The Nasdaq Stock Market, Inc.

### SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: None

Indicate by check mark of the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☒

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting shares (based on the closing price of these shares on the NASDAQ Global Select Market on December 31, 2008) held by non-affiliates was approximately \$1.8 billion.

On July 31, 2009, the following numbers of shares of the Company's common stock were outstanding:

Common Stock	95,560,076
Class A Common Stock	77,751,195
Class B Common Stock	94,255

### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the Annual Meeting of Stockholders, to be held on October 30, 2009 are incorporated by reference into Part III of this annual report on Form 10-K.

FINANCIALS



## TABLE OF CONTENTS

	<u>Page</u>
PART I	
Item 1. Business .....	3
Item 1A. Risk Factors .....	12
Item 1B. Unresolved Staff Comments .....	20
Item 2. Properties .....	20
Item 3. Legal Proceedings .....	20
Item 4. Submission of Matters to a Vote of Security Holders .....	20
PART II	
Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities .....	20
Item 6. Selected Financial Data .....	23
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations .....	24
Item 7A. Quantitative and Qualitative Disclosures About Market Risk .....	42
Item 8. Financial Statements and Supplementary Data .....	44
Item 9. Changes in and Disagreements with Accountants on Accounting Financial Disclosure .....	79
Item 9A. Controls and Procedures .....	79
Item 9B. Other Information .....	80
PART III	
Item 10. Directors, Executive Officers and Corporate Governance .....	80
Item 11. Executive Compensation .....	81
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters .....	81
Item 13. Certain Relationships and Related Transactions, and Director Independence .....	81
Item 14. Principal Accountant Fees and Services .....	81
PART IV	
Item 15. Exhibits and Financial Statement Schedules .....	82
Schedule II — Valuation and Qualifying Accounts .....	83
Index to Exhibits .....	84
Signatures .....	86

**Molex Web Site**

We make available through our web site at [www.molex.com](http://www.molex.com) our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with the Securities and Exchange Commission (SEC).

Information relating to corporate governance at Molex, including our Code of Business Conduct and Ethics, information concerning executive officers, directors and Board committees (including committee charters), and transactions in Molex securities by directors and officers, is available on or through our web site at [www.molex.com](http://www.molex.com) under the "Investors" caption.

We are not including the information on our web site as a part of, or incorporating it by reference into, this annual report on Form 10-K.

## PART I

### Item 1. Business

Molex Incorporated (together with its subsidiaries, except where the context otherwise requires, “we,” “us” and “our”) was incorporated in the state of Delaware in 1972 and originated from an enterprise established in 1938.

We are one of the world’s largest manufacturers of electronic connectors in terms of revenue. Net revenue was \$2.6 billion for fiscal 2009. We operated 43 manufacturing locations located in 18 countries, and employed 25,240 people worldwide as of June 30, 2009.

Our core business is the manufacture and sale of electronic components. Our products are used by a large number of leading original equipment manufacturers (OEMs) throughout the world. We design, manufacture and sell more than 100,000 products, including terminals, connectors, planar cables, cable assemblies, interconnection systems, backplanes, integrated products and mechanical and electronic switches. We also provide manufacturing services to integrate specific components into a customer’s product.

### The Connector Industry

The global connector industry is highly competitive and fragmented and is estimated to represent approximately \$36 billion in revenue for fiscal 2009. The industry has grown at a compounded annual rate of 6% over the past 25 years, but industry sales are expected to decline 25% in calendar year 2009.

The connector industry is characterized by rapid advances in technology and new product development. These advances have been substantially driven by the increased functionality of applications in which our products are used. Although many of the products in the connector market are mature products, some with 25-30 year life spans, there is also a constant demand for new product solutions.

Industry trends that we deem particularly relevant include:

- *Globalization.* Synergistic opportunities exist for the industry to design, manufacture and sell electronic products in different countries around the world in an efficient and seamless process. For example, electronic products may be designed in Japan, manufactured in China, and sold in the United States.
- *Convergence of markets.* Traditionally separate markets such as consumer electronics, data products and telecommunications are converging, resulting in single devices offering broad-based functionality.
- *Increasing electronics content.* Consumer demand for advanced product features, convenience and connectivity is driving connector growth at rates faster than the growth rates of the underlying electronics markets.
- *Product size reduction.* High-density, micro-miniature technologies are expanding to markets such as data and mobile phones, leading to smaller devices and greater mobility.
- *Consolidating supply base.* Generally, global OEMs are consolidating their supply chain by selecting global companies possessing broad product lines for the majority of their connector requirements and a strong financial position.
- *Price erosion.* As unit volumes grow, production experience is accumulated and costs decrease, and as a result, prices decline.



## Markets and Products

The approximate percentage of our net revenue by market for fiscal 2009 is summarized below:

Markets	Percentage of Fiscal 2009 Net Revenue	Primary End Use Products Supported by Molex
Telecommunications	26%	Mobile phones and devices, networking equipment, switches and transmission equipment
Data Products	21%	Desktop and notebook computers, peripheral equipment, servers, storage, copiers, printers and scanners
Consumer	21%	Digital electronics, CD and DVD players, cameras, flat panel display, plasma and LCD televisions, electronic games and major appliances
Industrial	15%	Factory automation, robotics, automated test equipment, vision systems and diagnostic equipment
Automotive	14%	Engine control units, body electronics, safety electronics, sensors, panel instrumentation and other automotive electronics
Other	3%	Electronic and electrical devices for a variety of markets

*Telecommunications.* In the telecommunications market, we believe our key strengths include high speed optical signal product lines, backplane connector systems, power distribution product, micro-miniature connectors, global coordination and complementary products such as keyboards and antennas.

For mobile phones, we provide micro-miniature connectors, SIM card sockets, keypads, electro-mechanical subassemblies and internal antennas and subsystems. An area of particular innovation is high-speed backplanes and cables for infrastructure equipment. For example, our Plateau HS Dock™ incorporates a new plated plastic technology to increase bandwidth, reduce crosstalk and control impedance in applications such as telecommunication routers.

*Data Products.* In the data market, our key strengths include our high-speed signal product line, storage input/output (I/O) products, standards committee leadership, global coordination, low cost manufacturing and strong relationships with OEMs, contract manufacturers and original design manufacturers.

We manufacture power, optical and signal connectors and cables for fast end-to-end data transfer, linking disk drives, controllers, servers, switches and storage enclosures. Our ongoing involvement in industry committees contributes to the development of new standards for the connectors and cables that transport data. For example, our family of small form-factor pluggable products offers end-users both fiber optic and copper connectivity and more efficient storage area network management.

We hold a strong position with connectors used in servers, the segment of this market that accounts for the largest volume of connector purchases. We offer a large variety of products for power distribution, signal integrity, processor and memory applications. We are also a leading designer in the industry for storage devices.

Our Serial ATA product enables higher-speed communication between a computer's disk drive and processor. In addition, our product portfolio includes a wide range of interconnect devices for copiers, printers, scanners and projectors.

*Consumer.* In the consumer market, we believe our key strengths include optical and micro-miniature connector expertise, breadth of our high wattage (power) product line, cable and wire application equipment and low cost manufacturing.

We design and manufacture many of the world's smallest connectors for home and portable audio, digital still and video cameras, DVD players and recorders, as well as devices that combine multiple functions. Our micro-miniature products support customer needs for increased power, speed and functionality but with decreased weight and space requirements. We believe that they provide industry leadership with advanced interconnection products that help enhance the performance of video and still cameras, DVD players, portable music players, PDAs and hybrid devices that combine multiple capabilities into a single unit.

We are a leading connector source and preferred supplier to some of the world's largest computer game makers and have been awarded contracts that demonstrate our skill in designing innovative connectors. In addition, we provide products for video poker and slot machines. Pachinko machines, which are popular in Japan, use our compact 2.00 mm pitch MicroClasp™ connector, which features an inner lock that helps on-site installers easily insert new game boards.

*Industrial.* In the industrial market, we believe our key strengths include optical and micro-miniature connector expertise, breadth of our power and signal product lines, distribution partnerships and global presence.

Our high-performance cables, backplanes, power connectors and integrated products are found in products ranging from electronic weighing stations to industrial microscopes and vision systems. Advances in semiconductor technology require comparable advances in equipment to verify quality, function and performance. For example, our Very High-Density Metric (VHDM) connector system to help assure signal integrity and overall reliability in high-speed applications such as chip testers.

Our industrial product line includes industrial networks and connectivity as well as industrial communication electronics and software. In addition, we offer compact robotic connectors and I/O connectors for servo motors, as well as identified factory uses for products we developed for other industries.

*Automotive.* In the automotive market, we believe our strengths include new product development expertise, entertainment, safety and convenience product features, technical skills and integrated manufacturing capabilities.

Our interconnects are used in air bag, seatbelt and tire pressure monitoring systems and powertrain, window and temperature controls. Today's cars are mobile communication centers, complete with navigation tools and multimedia entertainment. Our Media Oriented System Transport (MOST) connector system uses plastic optical fiber to transmit audio, video and data at high speeds in devices such as CD and DVD players.

*Other.* Medical electronics is a growing market for our connectors, switch and assembly products. We provide both connectors and custom integrated systems for diagnostic and therapeutic equipment used in hospitals including x-ray, magnetic resonance imaging (MRI) and dialysis machines. Military electronics is also one of our emerging markets. There is a range of electronic applications for our products in the commercial-off-the-shelf (COTS) segment of this market. Products originally developed for the computer, telecommunications and automotive markets are used in an increasing number of military applications.

## Business Objectives and Strategies

One of our primary business objectives is to develop or improve our leadership position in each of our core connector markets by increasing our overall position as a preferred supplier and improve our competitiveness on a global scale.

We believe that our success in achieving industry-leading revenue growth throughout our history is the result of the following key strengths:

- Broad and deep technological knowledge of microelectronic devices and techniques, power sources, coatings and materials;
- Strong intellectual property portfolio that underlies many key products;
- High product quality standards, backed with stringent systems designed to ensure consistent performance, that meet or surpass customers' expectations;
- Strong technical collaboration with customers;
- Extensive experience with the product development process;
- Broad geographical presence in developed and developing markets;
- Continuous effort to develop an efficient, low-cost manufacturing footprint; and
- A broad range of products both for specific applications and for general consumption.

We intend to serve our customers and achieve our objectives by continuing to do the following:

- *Concentrate on core markets.* We focus on markets where we have the expertise, qualifications and leadership position to sustain a competitive advantage. We have been an established supplier of interconnect solutions for over 70 years. We are a principal supplier of connector components to the telecommunications, computer, consumer, automotive and industrial electronics markets.
- *Grow through the development and release of new products.* We invest strategically in the tools and resources to develop and market new products and to expand existing product lines. New products are essential to enable our customers to advance their solutions and their market leadership positions. In fiscal 2009, we generated approximately 22% of our revenue from new products, which are defined as those products released in the last 36 months.
- *Optimize manufacturing and supply chain.* We analyze the design and manufacturing patterns of our customers along with our own supply chain economics to help ensure that our manufacturing operations are of sufficient scale and are located strategically to minimize production costs and maximize customer service.
- *Leverage financial strength.* We use our expected cash flow from operations and strong balance sheet to invest aggressively in new product development, to pursue synergistic acquisitions, to align manufacturing capacity with customer requirements and to pursue productivity improvements. We invested approximately 13% of net revenue in capital expenditures and research and development activities in fiscal 2009.

Our global organizational structure consists of three product-focused divisions and one worldwide sales and marketing organization. The structure enables us to work effectively as a global team to meet customer needs as well as leverage our design expertise and our low-cost production centers around the world. The worldwide sales and marketing organization structure enhances our ability to sell any product, to any customer, anywhere in the world.

## Competition

We compete with many companies in each of our product categories. These competitors include Amphenol Corporation, Framatome Connectors International, Hirose Electronic Co., Ltd, Hon Hai Precision Industry Co., Ltd., Japan Aviation Electronics Industry, Ltd., Japan Solderless Terminal Ltd. and Tyco Electronics Ltd. There are also a significant number of smaller competitors. The identity and significance of competitors may change over time. We believe that the 10 largest connector suppliers, as measured by revenue, represent approximately 54% of the worldwide market in terms of revenue. Many of these companies offer products in some, but not all, of the markets and regions we serve.

Our products compete to varying degrees on the basis of quality, price, availability, performance and brand recognition. We also compete on the basis of customer service. Our ability to compete also depends on continually providing innovative new product solutions and worldwide support for our customers.

## Customers, Demand Creation and Sales Channels

We sell products directly to OEMs, contract manufacturers and distributors. Our customers include global companies such as Arrow, Cisco, Dell, Ford, General Motors, Hewlett Packard, IBM, Matsushita, Motorola and Nokia. No customer accounted for more than 10% of net revenues in fiscal 2009, 2008 or 2007.

Many of our customers operate in more than one geographic region of the world and we have developed a global footprint to service these customers. We are engaged in significant operations in foreign countries. Our net revenue originating outside the U.S. based on shipping point to the customer was approximately 73% in fiscal years 2009, 2008 and 2007.

In fiscal 2009, the share of net revenue from the different regions was approximately as follows:

- 54% of net revenue originated in Asia-Pacific (China, including Hong Kong and Taiwan, Indonesia, India, Malaysia, Philippines, Singapore, Korea, Japan and Thailand). Approximately 24% and 17% of net revenue in fiscal 2009 was derived from operations in China and Japan, respectively.
- 27% of net revenue originated in the Americas.
- 19% of net revenue originated in Europe.

Revenues from customers are generally attributed to countries based upon the location of our sales office. Most of our sales in international markets are made by foreign sales subsidiaries. In countries with low sales volumes, sales are made through various representatives and distributors.

We sell our products primarily through our own sales organization with a presence in most major connector markets worldwide. To complement our own sales force, we work with a network of distributors to serve a broader customer base and provide a wide variety of supply chain tools and capabilities. Sales through distributors represented approximately 26% of our net revenue in fiscal 2009.

We seek to provide customers one-to-one service tailored to their business. Our engineers work collaboratively with customers, often with an innovative online design system, to develop products for specific applications. We provide customers the benefit of state-of-the-art technology for engineering, design and prototyping, supported from 25 development centers in 15 countries. In addition, most customers have a single Molex customer service contact and a specific field salesperson to provide technical product and application expertise.

Our sales force around the world has access to our customer relationship management database, which integrates with our global information system to provide 24/7 visibility on orders, pricing, contracts, shipping, inventory and customer programs. We offer a self-service environment for our

customers through our web site at [www.molex.com](http://www.molex.com), so that customers can access our entire product line, download drawings or 3D models, obtain price quotes, order samples and track delivery.

Information regarding our operations by operating segment appears in Note 18 of the Notes to Consolidated Financial Statements. A discussion of market risk associated with changes in foreign currency exchange rates can be found in Management's Discussion and Analysis of Financial Condition and Results of Operations.

### **Research and Development**

We remain committed to investing in world-class technology development, particularly in the design and manufacture of connectors and interconnect systems. Our research and development activities are directed toward developing technology innovations, primarily high speed signal integrity, miniaturization, higher power delivery, optical signal delivery and sealed harsh environment connectors that we believe will deliver the next generation of products. We continue to invest in new manufacturing processes, as well as improve existing products and reduce costs. We believe that we are well positioned in the technology industry to help drive innovation and promote industry standards that will yield innovative and improved products for customers.

We incurred total research and development costs of \$159.2 million in fiscal 2009, \$163.7 million in fiscal 2008 and \$159.1 million in fiscal 2007. We believe this investment, approximating 5-6% of net revenue, is among the highest level relative to the largest participants in the industry and helps us achieve a competitive advantage.

We strive to provide customers with the most advanced interconnection products through intellectual property development and participation in industry standards committees. Our engineers are active in many of these committees, helping give us a voice in shaping the technologies of the future. In fiscal 2009, we commercialized approximately 194 new products and received 413 patents.

We perform a majority of our design and development of connector products in the U.S. and Japan, but have additional product development capabilities in various locations, including China, Germany, India, Ireland, Korea and Singapore.

### **Manufacturing**

Our core manufacturing expertise includes molding, stamping, plating and assembly operations. We use state of the art plastic injection molding machines and metal stamping and forming presses. We have created new processes to meet the ongoing challenge of manufacturing smaller and smaller connectors. We have also developed proprietary plated plastic technology, which provides excellent shielding performance while eliminating secondary manufacturing processes in applications such as mobile phone antennas.

We also have expertise in printed circuit card, flexible circuit and harness assembly for our integrated products operations, which build devices that leverage our connector content. Because integrated products require labor-intensive assembly, we operate low-cost manufacturing centers in China, India, Mexico, Poland, and Thailand.

Continuous improvements achieved through a global lean/six sigma ongoing program have reduced our manufacturing costs. A trend of fewer but larger factories, such as our one million square foot (approximately 92 thousand square meters) facility in Chengdu, China, provide increasing economies of scale and efficiencies while also reaching record levels of on time delivery performance and quality.

### **Raw Materials**

The principal raw materials that we purchase for the manufacture of our products include plastic resins for molding, metal alloys (primarily copper based) for stamping and gold and palladium salts for



use in the plating process. We also purchase molded and stamped components and connector assemblies. Most materials and components used in our products are available from several sources. To achieve economies of scale, we concentrate purchases from a limited number of suppliers, and therefore in the short term may be dependent upon certain suppliers to meet performance and quality specifications and delivery schedules. We anticipate that our raw material expenditures as a percentage of sales may increase due to growth in our integrated products business and increases in certain commodity costs.

### **Backlog and Seasonality**

The backlog of unfilled orders at June 30, 2009 was approximately \$253.0 million compared with backlog of \$436.5 million at June 30, 2008. Substantially all of these orders are scheduled for delivery within 12 months. The majority of orders are shipped within 30 days of acceptance.

We do not believe that aggregate worldwide sales reflect any significant degree of seasonality.

### **Employees**

As of June 30, 2009, we had approximately 25,240 people working for us worldwide. Approximately 17,934 of these people were located in low cost regions. We believe that our relations with people working for us are satisfactory.

### **Acquisitions and Investments**

Our strategy to provide a broad range of connectors requires a wide variety of technologies, products and capabilities. The rapid pace of technological development in the connector industry and the specialized expertise required in different markets make it difficult for a single company to organically develop all of the required products. Though a significant majority of our growth has come from internally developed products, we will seek to make future acquisitions or investments where we believe we can stimulate the development of, or acquire, new technologies and products to further our strategic objectives and strengthen our existing businesses. Information regarding our acquisitions appears in Note 4 of the Notes to Consolidated Financial Statements.

### **Intellectual Property**

Patents, trade secrets and trademarks and other proprietary rights (collectively, Intellectual Property) are important to our business. We own an extensive portfolio of U.S. and foreign patents and trademarks. In addition, we are a licensee of various third party patents and trademarks. We review third-party Intellectual Property in an effort to avoid infringements of third-party Intellectual Property rights and to identify desirable third-party Intellectual Property rights to license to advance our business objectives. We also review our competitor's products to identify infringements of our Intellectual Property rights and to identify licensing opportunities for our Intellectual Property rights. We believe that our Intellectual Property is important to our business, but do not consider ourselves materially dependent upon any particular piece of Intellectual Property.

### **Environmental Matters**

We are committed to achieving high standards of environmental quality and product safety, and strive to provide a safe and healthy workplace for our employees, contractors and the communities in which we do business. We have environmental, health and safety (EHS) policies and disciplines that are applied to our operations. We closely monitor the environmental laws and regulations in the countries in which we operate and believe we are in compliance in all material respects with federal, state and local regulations pertaining to environmental protection.

Many of our worldwide manufacturing sites are certified to the International Organization for Standardization (ISO) 14001 environmental management system standard, which requires that a broad range of environmental processes and policies be in place to minimize environmental impact, maintain compliance with environmental regulations, and communicate effectively with interested stakeholders. Our ISO 14001 environmental auditing program includes not only compliance components, but also modules on business risk, environmental excellence and management systems. We have internal processes that focus on minimizing and properly managing hazardous materials used in our facilities and products. We monitor regulatory and resource trends and set short and long-term targets to continually improve our environmental performance.

The manufacture, assembly and testing of our products are subject to a broad array of laws and regulations, including restrictions on the use of hazardous materials. We have a program for compliance with the European Union RoHS and WEEE Directives, the China RoHS laws and similar laws.

**Executive Officers**

Our executive officers as of July 31, 2009 are set forth in the table below.

<u>Name</u>	<u>Positions Held with Registrant During the Last Five Years</u>	<u>Age</u>	<u>Year Employed</u>
Frederick A. Krehbiel(a) . . . . .	Co-Chairman (1999-); Chief Executive Officer (2004-2005); Co-Chief Executive Officer (1999-2001).	68	1965(b)
John H. Krehbiel, Jr.(a) . . . . .	Co-Chairman (1999-); Co-Chief Executive Officer (1999-2001).	72	1959(b)
Martin P. Slark . . . . .	Vice-Chairman and Chief Executive Officer (2005-); 54 1976 President and Chief Operating Officer (2001-2005).		
Liam McCarthy . . . . .	President and Chief Operating Officer (2005-); Vice President of Operations, Europe (2000-2005).	53	1976
David D. Johnson . . . . .	Executive Vice President, Treasurer and Chief Financial Officer (2005-); Vice President, Treasurer and Chief Financial Officer, Sypris Solutions, Inc. (1998-2005).	53	2005
Graham C. Brock . . . . .	Executive Vice President (2005-) and President, Global Sales & Marketing Division (2006-) and Regional President, Europe (2005); Regional Vice President — Sales & Marketing, Europe (2000-2005).	55	1976
James E. Fleischhacker . . . . .	Executive Vice President (2001-); President, Global Commercial Products Division (2009-); President, Global Transportation Products Division (2007-2009); and Corporate Vice President (1994-2001).	65	1984
Katsumi Hirokawa . . . . .	Executive Vice President (2005-) and President, Global Micro Products Division (2007-); Vice President and President, Asia-Pacific North (2005-2007); President (2002-); Executive Vice President — Sales (2002), Molex Japan Co. Ltd.	62	1995
J. Michael Nauman . . . . .	Executive Vice President and President, Global Integrated Products Division (2009-); Senior Vice President and President, Global Integrated Products Division (2007-2009); President, Integrated Products Division, Americas Region (2005-2007).	47	1994

(a) John H. Krehbiel, Jr. and Frederick A. Krehbiel (the Krehbiel Family) are brothers. The members of the Krehbiel Family may be considered to be “control persons” of the Registrant. The other executive officers listed above have no relationship, family or otherwise, to the Krehbiel Family, the Registrant or each other.

(b) Includes period employed by our predecessor company.

## Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics applicable to all employees, officers and directors. The Code of Business Conduct incorporates our policies and guidelines designed to deter wrongdoing and to promote honest and ethical conduct and compliance with applicable laws and regulations. We have also adopted a Code of Ethics for Senior Financial Management applicable to our chief executive officer, chief financial officer, chief accounting officer and other senior financial managers. The Code of Ethics sets out our expectations that financial management produce full, fair, accurate, timely and understandable disclosure in our filings with the SEC and other public communications. Molex intends to post any amendments to or waivers from the Codes on its web site.

The full text of these Codes is published on the investor relations page of our web site at [www.molex.com](http://www.molex.com).

## Item 1A. Risk Factors

### Forward-looking Statements

This Annual Report on Form 10-K and other documents we file with the Commission contain forward-looking statements that are based on current expectations, estimates, forecasts and projections about our future performance, our business, our beliefs, and our management's assumptions. In addition, we, or others on our behalf, may make forward-looking statements in press releases or written statements, or in our communications and discussions with investors and analysts in the normal course of business through meetings, web casts, phone calls, and conference calls. Words such as "expect," "anticipate," "outlook," "forecast," "could," "project," "intend," "plan," "continue," "believe," "seek," "estimate," "should," "may," "assume," variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties, and assumptions that are difficult to predict. We describe our respective risks, uncertainties, and assumptions that could affect the outcome or results of operations below.

We have based our forward looking statements on our management's beliefs and assumptions based on information available to them at the time the statements are made. We caution you that actual outcomes and results may differ materially from what is expressed, implied, or forecast by our forward-looking statements. Reference is made in particular to forward looking statements regarding growth strategies, industry trends, financial results, cost reduction initiatives, acquisition synergies, manufacturing strategies, product development and sales, regulatory approvals, and competitive strengths. Except as required under the federal securities laws, we do not have any intention or obligation to update publicly any forward-looking statements after the filing of this report, whether as a result of new information, future events, changes in assumptions, or otherwise.

### Risk Factors

You should carefully consider the risks described below. Such risks are not the only ones facing our company. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also impair our business operations. If any of the following risks occur, our business, financial condition or operating results could be materially adversely affected.

*We may be adversely affected by a prolonged economic downturn or economic uncertainty.*

Our business and operating results have been and will continue to be affected by global economic conditions. As global economic conditions deteriorate or economic uncertainty increases, our customers and potential customers may experience deterioration of their businesses, which may result in the delay or cancellation of plans to purchase our products. Our sensitivity to economic cycles and any related fluctuation in the businesses of our customers or potential customers may have a material adverse effect on our financial condition, results of operations or cash flows.

*We may see a negative effect on our business due to disruptions in financial markets.*

Economic downturns and economic uncertainty generally affect global credit markets. Financial markets in the United States, Europe and Asia have been experiencing volatility in security prices, diminished liquidity and credit availability, rating downgrades of certain investments and declining valuation of others. While these conditions have not impaired our ability to access credit markets and finance our operations, there can be no assurance that there will not be a further deterioration in financial markets and confidence in major economies. The tightening of credit in financial markets may adversely affect the ability of our customers and suppliers to obtain financing of significant purchases and operations and this can in turn have a material adverse effect on our business and results of operations.

*We are dependent on the success of our customers.*

We are dependent on the continued growth, viability and financial stability of our customers. Our customers generally are OEM's in the telecommunications, data product, automotive, consumer, and industrial industries. These industries are subject to rapid technological change, vigorous competition and short product life cycles and consumer demand. When our customers are adversely affected by these factors, we may be similarly affected.

*We are subject to continuing pressure to lower our prices.*

Over the past several years we have experienced, and we expect to continue to experience, pressure to lower our prices. In the last three years, we have experienced annual price erosion averaging from 3.8% to 4.0%. In order to maintain our margins, we must continue to reduce our costs by similar amounts. Continuing pressures to reduce our prices could have a material adverse effect on our financial condition, results of operations and cash flows.

*We face rising costs of commodity materials.*

The cost and availability of certain commodity materials used to manufacture our products, such as plastic resins, copper-based metal alloys, gold and palladium salts, molded and stamped components and connector assemblies, is critical to our success. The price of many of these raw materials, including copper and gold, has increased in recent years, and continues to fluctuate. In addition, many of these commodity materials are produced in a limited number of regions around the world or are only available from a limited number of suppliers. Volatility in the prices and shortages of such materials may result in increased costs and lower operating margins if we are unable to pass such increased costs through to our customers. Our results of operation, financial conditions and cash flows may be materially and adversely affected if we have difficulty obtaining these commodity materials, the quality of available commodity materials deteriorates, or there are continued significant price increases for these commodity materials. From time to time, we use financial instruments to hedge the volatility of commodity material costs. The success of our hedging program depends on accurate forecast of transaction activity in the various commodity materials. To the extent that these forecasts are over or understated during periods of volatility, we could experience unanticipated commodity materials or hedge gains or losses.

*We face intense competition in our markets.*

Our markets are highly competitive and we expect that both direct and indirect competition will increase in the future. Our overall competitive position depends on a number of factors including the price, quality and performance of our products, the level of customer service, the development of new technology and our ability to participate in emerging markets. Within each of our markets, we encounter direct competition from other electronic components manufacturers and suppliers ranging in size from large, diversified manufacturers to small, highly specialized manufacturers. Competition may intensify from various U.S. and non-U.S. competitors and new market entrants, some of which may be



our current customers. Our markets have continued to become increasingly concentrated and globalized in recent years, and our major competitors have significant financial resources and technological capabilities. Increased competition may result in price reductions, reduced margins or loss of market share, any of which could materially and adversely affect our business, operating results and financial condition.

*We are dependent on new products.*

We expect that a significant portion of our future revenue will continue to be derived from sales of newly introduced products. Rapidly changing technology, evolving industry standards and changes in customer needs characterize the market for our products. If we fail to modify or improve our products in response to changes in technology, industry standards or customer needs, our products could rapidly become less competitive or obsolete. We must continue to make investments in research and development in order to continue to develop timely new products, enhance existing products and achieve market acceptance for such products. As a result of our need to make these investments in research and development, our operating results could be materially affected if our net revenues fall below expectations. Moreover, there can be no assurance that development stage products will be successfully completed or, if developed, will achieve significant customer acceptance.

We may need to license new technologies to respond to technological change and these licenses may not be available to us on terms that we can accept or may materially change the gross profits that we are able to obtain on our products. We may not succeed in adapting our products to new technologies as they emerge. Development and manufacturing schedules for technology products are difficult to predict, and there can be no assurance that we will achieve timely initial customer shipments of new products. The timely availability of these products in volume and their acceptance by customers are important to our future success.

*We face manufacturing challenges.*

The volume and timing of sales to our customers may vary due to: variation in demand for our customers' products; our customers' attempts to manage their inventory; design changes; changes in our customers' manufacturing strategy; and acquisitions of or consolidations among customers. Due in part to these factors, many of our customers do not commit to long-term production schedules. Our inability to forecast the level of customer order with certainty makes it difficult to schedule production and maximize utilization of manufacturing capacity.

Our industry must provide increasingly rapid product turnaround for its customers. We generally do not obtain firm, long-term purchase commitments from our customers and we continue to experience reduced lead-times in customer orders. Customers may cancel their orders, change production quantities or delay production for a number of reasons and such actions could negatively impact our operating results. In addition, we make significant operating decisions based on our estimate of customer requirements. The short-term nature of our customers' commitments and the possibility of rapid changes in demand for their products reduce our ability to accurately estimate the future requirements of those customers.

We may rely on third-party suppliers for the components used in our products, and we may rely on third-party manufacturers to manufacture certain of our assemblies and finished products. Our results of operations, financial condition, and cash flows could be adversely affected if these third parties lack sufficient quality control or if there are significant changes in their financial or business condition. We also have third-party arrangements for the manufacture of various products, parts and components. If these third parties fail to deliver products, parts, and components of sufficient quality on time and at reasonable prices, we could have difficulties fulfilling our orders, sales and profits could decline, and our commercial reputation could be damaged.

From time to time, we have underutilized our manufacturing lines. This excess capacity means we incur increased fixed costs in our products relative to the revenues we generate, which could have an

adverse effect on our results of operations, particularly during economic downturns. If we are unable to improve utilization levels at these facilities and correctly manage capacity, the increased expense levels will have an adverse effect on our business, financial condition and results of operations.

*We face industry consolidation.*

Many of the industries to which we sell our products, as well as many of the industries from which we buy materials, have become increasingly concentrated in recent years, including the telecommunications, data products, automotive and consumer electronics industries. Consolidation of customers may lead to decreased product purchases from us. In addition, as our customers buy in larger volumes, their volume buying power has increased, and they may be able to negotiate more favorable pricing and find alternative sources from which to purchase. Our materials suppliers similarly have increased their ability to negotiate favorable pricing. These trends may adversely affect the profit margins on our products, particularly for commodity components.

*We depend on industries exposed to rapid technological change.*

Our customers compete in markets that are characterized by rapidly changing technology, evolving industry standards and continuous improvements in products and services. These conditions frequently result in short product life cycles. Our success will depend largely on the success achieved by our customers in developing and marketing their products. If technologies or standards supported by our customers' products become obsolete or fail to gain widespread commercial acceptance, our business could be materially adversely affected. In addition, if we are unable to offer technologically advanced, cost effective, quick response manufacturing services to customers, demand for our products may also decline.

*We face the possibility that our gross margins may decline.*

In response to changes in product mix, competitive pricing pressures, increased sales discounts, introductions of new competitive products, product enhancements by our competitors, increases in manufacturing or labor costs or other operating expenses, we may experience declines in prices, gross margins and profitability. To maintain our gross margins we must maintain or increase current shipment volumes, develop and introduce new products and product enhancements and reduce the costs to produce our products. If we are unable to accomplish this, our revenue, gross profit and operating results may be below our expectations and those of investors and analysts.

*We face risks associated with inventory.*

The value of our inventory may decline as a result of surplus inventory, price reductions or technological obsolescence. The life cycles of some of our products can be very short compared with the development cycle, which may result in excess or obsolete inventory or equipment that we may need to write off. We must identify the right product mix and maintain sufficient inventory on hand to meet customer orders. Failure to do so could adversely affect our revenue and operating results. However, if circumstances change (for example, an unexpected shift in market demand, pricing or customer defaults) there could be a material impact on the net realizable value of our inventory. We maintain an inventory valuation reserve account against diminution in the value or salability of our inventory. However, there is no guaranty that these arrangements will be sufficient to avoid write-offs in excess of our reserves in all circumstances.

*We may encounter problems associated with our global operations.*

For fiscal year 2009, more than 70% of our revenues come from international sales. In addition, a significant portion of our operations consists of manufacturing and sales activities outside of the U.S. Our ability to sell our products and conduct our operations globally is subject to a number of risks. Local economic, political and labor conditions in each country could adversely affect demand for

our products and services or disrupt our operations in these markets. We may also experience reduced intellectual property protection or longer and more challenging collection cycles as a result of different customary business practices in certain countries where we do business. Additionally, we face the following risks:

- International business conditions including the relationships between the U.S. and other governments;
- Unexpected changes in laws, regulations, trade, monetary or fiscal policy, including interest rates, foreign currency exchange rates and changes in the rate of inflation in the U.S. and other foreign countries;
- Tariffs, quotas, customs and other import or export restrictions and other trade barriers;
- Difficulties in staffing and management;
- Language and cultural barriers, including those related to employment regulation; and
- Potentially adverse tax consequences.

*We are exposed to fluctuations in currency exchange rates.*

Since a significant portion of our business is conducted outside the U.S., we face substantial exposure to movements in non-U.S. currency exchange rates. This may harm our results of operations, and any measures that we may implement to reduce the effect of volatile currencies and other risks of our global operations may not be effective. Approximately 73% of our net sales for fiscal year 2009 were invoiced in currencies other than the U.S. dollar, and we expect revenues from non-U.S. markets to continue to represent a significant portion of our net revenue. Price increases caused by currency exchange rate fluctuations may make our products less competitive or have an adverse effect on our margins. Our international revenues and expenses generally are derived from sales and operations in currencies other than the U.S. dollar. Accordingly, when the U.S. dollar strengthens in relation to the currencies of the countries in which we sell our products, our U.S. dollar reported net revenue and income will decrease. Currency exchange rate fluctuations may also disrupt the business of our suppliers by making their purchases of raw materials more expensive and more difficult to finance. We mitigate our foreign currency exchange rate risk principally through the establishment of local production facilities in the markets we serve. This creates a "natural hedge" since purchases and sales within a specific country are both denominated in the same currency and therefore no exposure exists to hedge with a foreign exchange forward or option contract (collectively, "foreign exchange contracts"). Natural hedges exist in most countries in which we operate, although the percentage of natural offsets, as compared with offsets that need to be hedged by foreign exchange contracts, will vary from country to country. To reduce our exposure to fluctuations in currency exchange rates when natural hedges are not effective, we may use financial instruments to hedge U.S. dollar and other currency commitments and cash flows arising from trade accounts receivable, trade accounts payable and fixed purchase obligations.

If these hedging activities are not successful or we change or reduce these hedging activities in the future, we may experience significant unexpected expenses from fluctuations in exchange rates or financial instruments which become ineffective. The success of our hedging program depends on accurate forecasts of transaction activity in the various currencies. To the extent that these forecasts are over or understated during periods of currency volatility, we could experience unanticipated currency or hedge gains or losses.

*We may find that our products have quality issues.*

The fabrication of the products we manufacture is a complex and precise process. Our customers specify quality, performance and reliability standards. If flaws in either the design or manufacture of our products were to occur, we could experience a rate of failure in our products that could result in

significant delays in shipment and product re-work or replacement costs. Although we engage in extensive product quality programs and processes, these may not be sufficient to avoid product failures, which could cause us to:

- lose revenue;
- incur increased costs such as warranty expense and costs associated with customer support;
- experience delays, cancellations or rescheduling of orders for our products;
- experience increased product returns or discounts; or
- damage our reputation.

All of which could negatively affect our financial condition and results of operations.

*If we fail to manage our growth effectively or to integrate successfully any future acquisition, our business could be harmed.*

We expect to continue to make investments in companies, products and technologies through acquisitions. While we believe that such acquisitions are an integral part of our long-term strategy, there are risks and uncertainties related to acquiring companies. Such risks and uncertainties include:

- Successfully identifying and completing transactions;
- Difficulty in integrating acquired operations, technology and products or realizing cost savings or other anticipated benefits from integration;
- Retaining customers and existing contracts;
- Retaining the key employees of the acquired operation;
- Potential disruption of our or the acquired company's ongoing business;
- Charges for impairment of long-term assets;
- Unanticipated expenses related to integration; and
- Potential unknown liabilities associated with the acquired company.

In addition, if we were to undertake a substantial acquisition for cash, the acquisition would likely need to be financed in part through additional financing from banks, through public offerings or private placements of debt or equity securities, or other arrangements. This acquisition financing might decrease our ratio of earnings to fixed charges and adversely affect other leverage measures. Any necessary acquisition financing may not be available to us on acceptable terms if and when required. If we undertake an acquisition by issuing equity securities or equity-linked securities, the issued securities may have a dilutive effect on the interests of the holders of our stock.

*We face risks arising from reorganizations of our operations.*

In 2007, we announced plans to realign part of our manufacturing capacity in order to reduce costs and better optimize plant utilization. We recorded restructuring related charges of \$219.6 million since we announced the plans, and we expect total charges to range from \$240 to \$250 million. The process of restructuring entails, among other activities, moving production between facilities, reducing staff levels, realigning our business processes, closing facilities, and reorganizing our management. During the course of executing the restructuring, we could incur material non-cash charges such as write-downs of inventories or other tangible assets. We test our goodwill and other intangible assets for impairment annually or when an event occurs indicating the potential for impairment. If we record an impairment charge as a result of this analysis, it could have a material impact on our results of operations. We continue to evaluate our operations and may need to undertake additional

restructuring initiatives in the future. If we incur additional restructuring related charges, our financial condition and results of operations may be adversely affected.

In addition, in fiscal 2009, we reorganized our global product divisions to enable us to work more effectively as a global team to meet customer needs, as well as to better leverage design expertise and the low-cost production centers we have around the world. This reorganization entails risks, including: the need to implement financial and other systems and add management resources; the challenge to maintain the quality of products and services; the possible diversion of management's attention to the reorganization; the potential disruption to our ongoing business; greater than anticipated severance costs and other expenses associated with the closing of a facility.

*We depend on our key employees and face competition in hiring and retaining qualified employees.*

Our future success depends partly on the continued contribution of our key employees, including executive, engineering, sales, marketing, manufacturing and administrative personnel. We do not have employment agreements with any of our key executive officers. We face intense competition for key personnel in several of our product and geographic markets. Our future success depends in large part on our continued ability to hire, assimilate and retain key employees, including qualified engineers and other highly skilled personnel needed to compete and develop successful new products. We may not be as successful as competitors at recruiting, assimilating and retaining highly skilled personnel.

*We are subject to various laws and government regulations.*

We are subject to a wide and ever-changing variety of U.S. and foreign federal, state and local laws and regulations, compliance with which may require substantial expense. Of particular note are two recent European Union (EU) directives known as the Restriction on Certain Hazardous Substances Directive (RoHS) and the Waste Electrical and Electronic Equipment Directive. These directives restrict the distribution of products within the EU of certain substances and require a manufacturer or importer to recycle products containing those substances. Failure to comply with these directives could result in fines or suspension of sales. Additionally, RoHS may result in our having non-compliant inventory that may be less readily salable or have to be written off.

In addition, some environment laws impose liability, sometimes without fault, for investigating or cleaning up contamination on or emanating from our currently or formerly owned, leased or operated property, as well as for damages to property or natural resources and for personal injury arising out of such contamination.

*We rely on our intellectual property rights.*

We rely on a combination of patents, copyrights, trademarks and trade secrets and confidentiality provisions to establish and protect our proprietary rights. To this end, we hold rights to a number of patents and registered trademarks and regularly file applications to attempt to protect our rights in new technology and trademarks. Even if approved, our patents or trademarks may be successfully challenged by others or otherwise become invalidated for a variety of reasons. Also, to the extent a competitor is able to reproduce or otherwise capitalize on our technology, it may be difficult, expensive or impossible for us to obtain necessary legal protection.

Third parties may claim that we are infringing their intellectual property rights. Such claims could have an adverse affect on our business and financial condition. From time to time we receive letters alleging infringement of patents. Litigation concerning patents or other intellectual property is costly and time consuming. We may seek licenses from such parties, but they could refuse to grant us a license or demand commercially unreasonable terms. Such infringement claims could also cause us to incur substantial liabilities and to suspend or permanently cease the manufacture and sale of affected products.



*We could suffer significant business interruptions.*

Our operations and those of our suppliers may be vulnerable to interruption by natural disasters such as earthquakes, tsunamis, typhoons, or floods, or other disasters such as fires, explosions, acts of terrorism or war, disease or failures of our management information or other systems. If a business interruption occurs, our business could be materially and adversely affected.

*A decline in the market value of our pension plans' investment portfolios could adversely affect our results of operations, financial condition and cash flows.*

Concerns about deterioration in the global economy, together with the current credit crisis, have caused significant volatility in interest rates and equity prices, which could decrease the value of our pension plans' investment portfolios. A decrease in the value of our pension plans' investment portfolios could have an adverse effect on our results of operations, financial conditions and cash flows.

*We may have exposure to income tax rate fluctuations and to additional tax liabilities, which could negatively affect our financial position.*

As a corporation with operations both in the United States and abroad, we are subject to income taxes in both the United States and various foreign jurisdictions. Our effective tax rate is subject to significant fluctuation from one period to the next because the income tax rates for each year are a function of a number of factors, including the following:

- the effects of a mix of profits or losses earned by us and our subsidiaries in numerous foreign tax jurisdictions with a broad range of tax rates;
- our ability to use recorded deferred tax assets;
- changes in uncertain tax positions, interest or penalties resulting from tax audits; and
- changes in tax laws or the interpretation of these laws.

Changes in the mix of these items and other items may cause our effective tax rate to fluctuate between periods, which could have a material adverse effect on our results of operations and financial condition. Recently, the Obama administration proposed legislation that would change how U.S. multinational corporations are taxed on their foreign income. If such legislation is enacted, it may have a material adverse impact to our tax rate and in turn, our profitability.

We are also subject to non-income taxes, such as payroll, sales, use, value-added, net worth, property and goods and services taxes, in both the United States and various foreign jurisdictions.

Significant judgment is required in determining our provision for income taxes and other tax liabilities. Although we believe our tax estimates are reasonable, we are regularly under audit by tax authorities with respect to both income and non-income taxes and may have exposure to additional tax liabilities as a result of these audits. Unfavorable audit findings and tax rulings may result in payment of taxes, fines and penalties for prior periods and higher tax rates in future periods, which may have a material adverse effect on our results of operations and financial condition.

*Our certificate of incorporation and bylaws include antitakeover provisions, which may deter or prevent a takeover attempt.*

Some provisions of our certificate of incorporation and bylaws may deter or prevent a takeover attempt, including a takeover that might result in a premium over the market price for our Common Stock and Class A Common Stock. Our governing documents establish a classified board, require shareholders to give advance notice prior to the annual meeting if they want to nominate a candidate for director or present a proposal, and contain a number of provisions subject to supermajority vote. In

addition, the Board may issue up to 25,000,000 shares of preferred stock without action by our stockholders, which could be used to make it more difficult and costly to acquire our company.

#### **Item 1B. Unresolved Staff Comments**

None.

#### **Item 2. Properties**

We own and lease manufacturing, design, warehousing, sales and administrative space in locations around the world. The leases are of varying terms with expirations ranging from fiscal 2009 through fiscal 2018. The leases in aggregate are not considered material to the financial position of Molex.

As of June 30, 2009, we owned or leased a total of approximately 9.2 million square feet of space worldwide. We have vacated or plan to vacate several buildings in France, Germany, Ireland and Slovakia and are holding these buildings and related assets for sale. We own 91% of our manufacturing, design, warehouse and office space and lease the remaining 9%. Our manufacturing plants are equipped with machinery, most of which we own and which, in part, we developed to meet the special requirements of our manufacturing processes. We believe that our buildings, machinery and equipment are well maintained and adequate for our current needs.

Our principal executive offices are located at 2222 Wellington Court, Lisle, Illinois, United States of America. Molex owns 43 manufacturing locations, 18 of which are located in North America and 25 of which are located in other countries. A listing of the locations of our principal manufacturing facilities by region is presented below:

- Americas: United States and Mexico
- Asia-Pacific: Japan, Korea, Vietnam, Thailand, China, India, Malaysia, Singapore and Taiwan
- Europe: France, Germany, Italy, Poland, Slovakia and Ireland

#### **Item 3. Legal Proceedings**

We have no material legal proceedings.

#### **Item 4. Submission of Matters to a Vote of Security Holders**

None.

## **PART II**

#### **Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Molex is traded on the NASDAQ Global Select Market and on the London Stock Exchange and trades under the symbols MOLX for Common Stock and MOLXA for Class A Common Stock. Molex Class B Common Stock is not publicly traded.

The number of stockholders of record at June 30, 2009 was 2,381 for Common Stock, 8,302 for Class A Common Stock and 14 for Class B Common Stock.

The following table presents quarterly stock prices for the years ended June 30:

		2009		2008	
		Low — High		Low — High	
Common Stock . . . . .	1st	\$22.00	\$25.96	\$23.89	\$30.66
	2nd	10.72	22.19	26.77	29.12
	3rd	9.72	15.86	21.82	26.85
	4th	14.00	17.08	23.97	29.95
Class A Common Stock . . . . .	1st	\$20.55	\$24.59	\$22.82	\$27.54
	2nd	9.24	20.66	25.25	27.68
	3rd	8.94	14.16	21.08	25.89
	4th	12.88	15.65	22.11	27.50

Cash dividends on common stock have been paid every year since 1977. The following table presents quarterly dividends declared per share of Common Stock, Class A Common Stock and Class B Common Stock for the years ended June 30:

	2009	2008
Quarter ended:		
September 30 . . . . .	\$0.1525	\$0.1125
December 31 . . . . .	0.1525	0.1125
March 31 . . . . .	0.1525	0.1125
June 30 . . . . .	0.1525	0.1125
Total . . . . .	<u>\$0.6100</u>	<u>\$0.4500</u>

On August 1, 2008, our Board of Directors authorized the purchase of up to \$200.0 million of Common Stock and/or Class A Common Stock during the period ending June 30, 2009. Share purchases of Molex Common and/or Class A Common Stock for the quarter ended June 30, 2009 were as follows (in thousands, except price per share data):

	Total Number of Shares Purchased*	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan
April 1 — April 30			
Common Stock . . . . .	—	\$ —	—
Class A Common Stock . . . . .	19	\$12.71	—
May 1 — May 31			
Common Stock . . . . .	—	\$ —	—
Class A Common Stock . . . . .	51	\$15.60	—
June 1 — June 30			
Common Stock . . . . .	—	\$ —	—
Class A Common Stock . . . . .	<u>2</u>	<u>\$14.58</u>	<u>—</u>
Total . . . . .	<u>72</u>	<u>\$14.81</u>	<u>—</u>

\* The shares purchased include exercises of employee stock options.

We did not repurchase any shares under this plan during the six months ended June 30, 2009 as we temporarily suspended the program. The dollar value of shares not purchased under the plan was \$123.7 million when the plan expired on June 30, 2009.

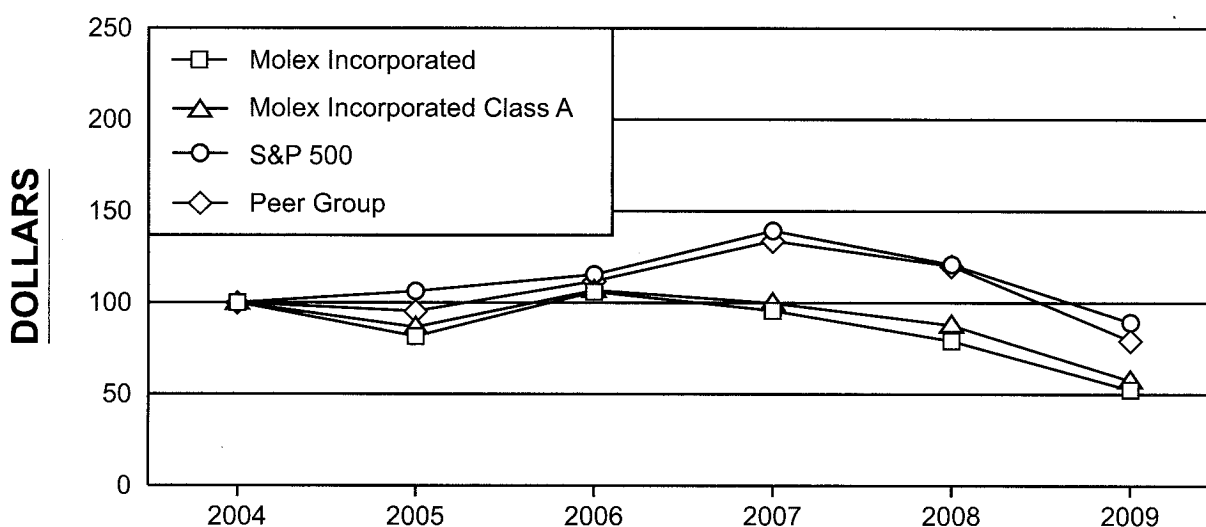
During the quarter ended June 30, 2009, 71,888 shares of Class A Common Stock were transferred to us from certain employees to pay either the purchase price and/or withholding taxes on the vesting of restricted stock or the exercise of stock options. The aggregate market value of the shares transferred totaled \$1.1 million.

Descriptions of our Common Stock appear under the caption "Molex Stock" in our 2009 Proxy Statement and in Note 15 of the Notes to Consolidated Financial Statements.

#### *Performance Graph*

The performance graph set forth below shows the value of an investment of \$100 on June 30, 2004 in each of Molex Common Stock, Molex Class A Common Stock, the S&P 500 Index, and a Peer Group Index. The Peer Group Index includes 50 companies (including Molex) classified in the Global Sub-industry Classifications "Electronic Equipment Manufacturers," "Electronic Manufacturing Services," and "Technology Distributors." All values assume reinvestment of the pre-tax value of dividends paid by Molex and the companies included in these indices, and are calculated as of June 30 of each year. The historical stock price performance of Molex's Common Stock and Class A Common Stock is not necessarily indicative of future stock price performance.

**Comparison of Five-Year Cumulative Total Return  
(Value of Investment of \$100 on June 30, 2004)  
Among Molex Incorporated, the S&P 500 Index  
and a Peer Group**



	06/30/04	06/30/05	06/30/06	06/30/07	06/30/08	06/30/09
Molex Incorporated	\$100.00	\$ 81.61	\$106.02	\$ 95.67	\$ 79.19	\$52.41
Molex Incorporated Class A	100.00	86.60	106.86	99.82	87.74	57.44
S&P 500	100.00	106.32	115.50	139.28	121.01	89.29
Peer Group	100.00	95.31	111.87	133.80	120.17	79.34

The material in this performance graph is not soliciting material, is not deemed filed with the Commission, and is not incorporated by reference in any filing of the Company under the Securities Act or the Exchange Act, whether made on, before or after the date of this filing and irrespective of any general incorporation language in such filing.

## Item 6. Selected Financial Data

**Molex Incorporated**  
**Five-Year Financial Highlights Summary**  
(In thousands, except per share data)

	2009	2008	2007	2006	2005
<b>Operations:</b>					
Net revenue . . . . .	\$2,581,841	\$3,328,347	\$3,265,874	\$2,861,289	\$2,554,458
Gross profit . . . . .	656,177	1,014,235	1,016,708	942,630	832,662
Income (loss) from operations . . . . .	(346,196)	327,268	328,236	310,536	204,572
Income (loss) before income taxes . . . . .	(318,888)	338,648	338,257	327,884	223,201
Net (loss) income(1) . . . . .	(321,287)	215,437	240,768	236,091	150,116
Earnings (loss) per share:					
Basic . . . . .	\$ (1.84)	\$ 1.19	\$ 1.31	\$ 1.27	\$ 0.80
Diluted . . . . .	(1.84)	1.19	1.30	1.26	0.79
Net (loss) income percent of net revenue . . . . .	(12.4)%	6.5%	7.4%	8.3%	5.9%
Capital expenditures . . . . .	\$ 177,943	\$ 234,626	\$ 296,861	\$ 276,783	\$ 230,895
Return on invested capital(2) . . . . .	(12.4)%	7.4%	9.0%	10.3%	6.7%
<b>Financial Position:</b>					
Current assets . . . . .	\$1,447,573	\$1,782,960	\$1,590,827	\$1,548,233	\$1,374,063
Current liabilities . . . . .	714,152	649,438	530,951	594,812	469,504
Working capital(3) . . . . .	733,421	1,133,522	1,059,876	953,421	904,559
Current ratio(4) . . . . .	2.0	2.7	3.0	2.6	2.9
Property, plant and equipment, net . . . . .	\$1,080,417	\$1,172,395	\$1,121,369	\$1,025,852	\$ 984,237
Total assets . . . . .	2,942,157	3,599,537	3,316,108	2,974,420	2,730,162
Long-term debt . . . . .	30,311	146,333	127,821	7,093	9,975
Stockholders' equity . . . . .	2,062,564	2,676,846	2,523,031	2,281,869	2,170,754
Dividends declared per share . . . . .	\$ 0.61	\$ 0.45	\$ 0.30	\$ 0.23	\$ 0.15
Average common shares outstanding:					
Basic . . . . .	174,598	180,474	183,961	185,521	188,646
Diluted . . . . .	174,598	181,395	185,565	187,416	190,572

(1) Operating results include the following by year (in thousands):

	2009	2008	2007	2006	2005
After-tax restructuring costs and asset impairments . . . . .	\$111,798	\$20,988	\$30,255	\$19,180	\$23,047
Goodwill impairments . . . . .	264,140	—	—	—	22,876

See Notes 5 and 8 of the Notes to Consolidated Financial Statements for a discussion of our restructuring costs and goodwill impairments.

- (2) Return on invested capital is defined as the current year net income (loss) divided by the sum of average total assets less average current liabilities for the year.
- (3) Working capital is defined as current assets minus current liabilities.
- (4) Current ratio is defined as current assets divided by current liabilities.



## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements relating to future events or the future financial performance of Molex, which involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements. Please see the discussion regarding forward-looking statements included at the end of this discussion, under the caption "Forward-Looking Statements" and Item 1A, "Risk Factors" for a discussion of the uncertainties, risks and assumptions associated with these statements.

The following discussion should be read in conjunction with our consolidated financial statements and the related notes and other financial information appearing elsewhere in this Annual Report on Form 10-K. All references to fiscal years relate to the fiscal year ended June 30.

### Overview

#### *Our Business*

Our core business is the manufacture and sale of electronic components. Our products are used by a large number of leading original equipment manufacturers (OEMs) throughout the world. We design, manufacture and sell more than 100,000 different products including terminals, connectors, planar cables, cable assemblies, interconnection systems, backplanes, integrated products and mechanical and electronic switches. We also provide manufacturing services to integrate specific components into a customer's product.

Our connectors, interconnecting devices and assemblies are used principally in the telecommunications, data, consumer products, industrial and automotive markets. Our products are used in a wide range of applications including desktop and notebook computers, computer peripheral equipment, mobile phones, digital electronics such as cameras and flat panel display televisions, automobile engine control units and adaptive braking systems, factory robotics and diagnostic equipment.

We believe that our sales mix has growth prospects in each of our product markets. Net revenue by market can fluctuate based on various factors including new technologies within the industry, composition of customers and changes in their revenue levels and new products or model changes that we or our customers introduce. The following table sets forth, for fiscal years 2009, 2008 and 2007 the percentage relationship to net revenue of our sales by primary product markets.

	Percentage of Net Revenue		
	2009	2008	2007
Telecommunication .....	26%	25%	25%
Data .....	21	20	20
Consumer .....	21	20	20
Industrial .....	15	16	18
Automotive .....	14	17	16
Other .....	3	2	1
Total .....	<u>100%</u>	<u>100%</u>	<u>100%</u>

In fiscal 2009, we reclassified our net revenue by market to reflect our current estimate of how revenue to distributors and contract manufacturers reach the end market. Previously reported net revenue by market for fiscal 2008 and 2007 was reclassified to reflect this change.

The following table sets forth, for fiscal years 2009, 2008 and 2007, the percentage relationship to net revenue of our sales by geographic region:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Americas .....	26.9%	27.6%	28.7%
Asia-Pacific .....	54.4	52.0	51.1
Europe .....	18.7	20.4	20.2
Total .....	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

The following table sets forth, for fiscal years 2009, 2008 and 2007, the percentage relationship to net revenue of our sales by reporting segment:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Connector .....	69.3%	71.4%	72.2%
Custom & Electrical .....	30.6	28.3	27.3
Corporate & Other .....	0.1	0.3	0.5
Total .....	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

We sell our products directly to OEMs and to their contract manufacturers and suppliers and, to a lesser extent, through distributors worldwide. Many of our customers are multi-national corporations that manufacture their products in multiple operations in several countries.

As of June 30, 2009, we operated 43 manufacturing locations, located in 18 countries throughout the Americas, Europe and Asia-Pacific regions. In fiscal 2009, 54.4% of our revenue was derived from sales in the Asia-Pacific region. We expect greater economic growth in Asia, particularly in China, than in the Americas and Europe. We continue to move our manufacturing operations from the United States and Western Europe to lower cost regions. Approximately 52% of our manufacturing capacity is in lower cost areas such as China, Eastern Europe and Mexico. In addition, reduced trade barriers, lower freight cost and improved supply chain logistics have reduced our need to duplicate regional manufacturing capabilities. For these reasons, our strategy has been to consolidate multiple plants of modest size in favor of operating fewer, larger and more integrated facilities in strategic locations around the world. We believe that our business is positioned to benefit from this strategy.

### Business Environment

The market in which we operate is highly fragmented with a limited number of large companies and a significant number of smaller companies making electronic connectors. We are one of the world's largest manufacturers of electronic connectors. We believe that our global presence and our ability to design and manufacture our products throughout the world and to service our customers globally is a key advantage for us. Our growth has come primarily from new products that we develop, often in collaboration with our customers.

Our financial results are influenced by factors in the markets in which we operate and by our ability to successfully execute our business strategy. Marketplace factors include competition for customers, raw material prices, product and price competition, economic conditions in various geographic regions, foreign currency exchange rates, interest rates, changes in technology, fluctuations in customer demand, patent and intellectual property issues, litigation results and legal and regulatory developments. We expect that the marketplace environment will remain highly competitive. Our ability to execute our business strategy successfully will require that we meet a number of challenges, including our ability to accurately forecast sales demand and calibrate manufacturing to

such demand, manage rising raw material costs, develop, manufacture and successfully market new and enhanced products and product lines, control operating costs, and attract, motivate and retain key personnel to manage our operational, financial and management information systems.

### **Non-GAAP Financial Measures**

Organic net revenue growth, which is included in Management's Discussion & Analysis, is a non-GAAP financial measure. The tables presented in Results of Operations above provide reconciliations of U.S. GAAP reported net revenue growth (the most directly comparable GAAP financial measure) to organic net revenue growth.

We believe organic net revenue growth provides useful information to investors because it reflects the underlying growth from the ongoing activities of our business and provides investors with a view of our operations from management's perspective. We use organic net revenue growth to monitor and evaluate performance, as it is an important measure of the underlying results of our operations. It excludes items that are not completely under management's control, such as the impact of changes in foreign currency exchange rates, and items that do not reflect the underlying growth of the company, such as acquisition activity. Management uses organic net revenue growth together with GAAP measures such as net revenue growth and operating income in its decision making processes related to the operations of our reporting segments and our overall company. Because organic net revenue growth calculations may vary among other companies, organic net sales growth amounts presented below may not be comparable with similar measures of other companies.

### **Financial Highlights**

Net revenue for fiscal 2009 of \$2.6 billion decreased 22.4% from fiscal 2008. Organic net revenue declined 23.1% in fiscal 2009 compared with 2008. We recognized a net loss of \$321.3 million in fiscal 2009 compared with net income of \$215.4 million in fiscal 2008. Fiscal 2009 results include goodwill impairment charges of \$264.1 million and restructuring costs of \$131.3 million (\$99.0 million after-tax), and intangible asset impairment costs of \$16.3 million. Restructuring charges of \$31.2 million (\$21.0 million after-tax) were recorded in fiscal 2008. On June 25, 2009, we entered into a \$195.0 million committed, unsecured, three-year revolving credit facility with an outstanding balance of \$25.0 million as of June 30, 2009, which was used to pay down other unsecured debt balances.

## Results of Operations

The following table sets forth, for fiscal years 2009, 2008 and 2007, certain consolidated statements of operations data as a percentage of net revenue (dollars in thousands):

	2009	Percentage of Revenue	2008	Percentage of Revenue	2007	Percentage of Revenue
Net revenue . . . . .	\$2,581,841	100.0%	\$3,328,347	100.0%	\$3,265,874	100.0%
Cost of sales . . . . .	<u>1,925,664</u>	74.6%	<u>2,314,112</u>	69.5%	<u>2,249,166</u>	68.9%
Gross profit . . . . .	656,177	25.4%	1,014,235	30.5%	1,016,708	31.1%
Selling, general & administrative . . . .	586,702	22.7%	665,038	20.0%	658,289	20.1%
Restructuring costs and asset impairments . . . . .	151,531	5.9%	31,247	0.9%	36,869	1.1%
Goodwill impairments . . . . .	<u>264,140</u>	10.2%	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Income (loss) from operations . . . . .	(346,196)	(13.4)%	317,950	9.6%	321,550	9.9%
Other income, net . . . . .	<u>27,308</u>	1.0%	<u>20,698</u>	0.6%	<u>16,707</u>	0.5%
Income (loss) before income taxes . . . . .	(318,888)	(12.4)%	338,648	10.2%	338,257	10.4%
Income taxes . . . . .	<u>2,399</u>	—	<u>123,211</u>	3.7%	<u>97,489</u>	3.0%
Net (loss) income . . . . .	<u>\$ (321,287)</u>	(12.4)%	<u>\$ 215,437</u>	6.5%	<u>\$ 240,768</u>	7.4%

### Net Revenue

The following table provides an analysis of the change in net revenue compared with the prior fiscal years (in thousands):

	2009	2008
Net revenue for prior year . . . . .	\$3,328,347	\$3,265,874
Components of net revenue (decrease) increase:		
Organic net revenue decline . . . . .	(769,296)	(106,863)
Currency translation . . . . .	5,243	169,336
Acquisitions . . . . .	<u>17,547</u>	<u>—</u>
Total change in net revenue from prior year . . . . .	<u>(746,506)</u>	<u>62,473</u>
Net revenue for current year . . . . .	<u>\$2,581,841</u>	<u>\$3,328,347</u>
Organic net revenue decline as a percentage of net revenue for prior year . . . . .	(23.1)%	(3.3)%

Revenue declined significantly during fiscal 2009 across all of the primary markets due to deterioration in global economic conditions starting in November 2008 and subsequent inventory reductions in the supply chain, which decreased demand for components and our production levels.

The increase in net revenue attributed to currency translation in fiscal 2009 compared with 2008 was principally due to the strengthening Japanese yen. The increase in net revenue attributed to currency translation in fiscal 2008 was principally due to the general weakening of the U.S. dollar

against other currencies. The following tables show the effect on the change in geographic net revenue from foreign currency translations to the U.S. dollar (in thousands):

	June 30, 2009			June 30, 2008		
	Local Currency	Currency Translation	Net Change	Local Currency	Currency Translation	Net Change
Americas .....	\$(226,735)	\$ (2,627)	\$(229,362)	\$ (23,304)	\$ 3,637	\$(19,667)
Asia-Pacific .....	(354,081)	27,594	(326,487)	(26,974)	89,405	62,431
Europe .....	(177,647)	(19,724)	(197,371)	(54,735)	76,294	21,559
Corporate & Other .....	6,714	—	6,714	(1,850)	—	(1,850)
Net change .....	<u>\$(751,749)</u>	<u>\$ 5,243</u>	<u>\$(746,506)</u>	<u>\$(106,863)</u>	<u>\$169,336</u>	<u>\$ 62,473</u>

The change in revenue on a local currency basis as of June 30 was as follows:

	<u>2009</u>	<u>2008</u>
Americas .....	(24.7)%	(2.5)%
Asia-Pacific .....	(20.5)	(1.6)
Europe .....	(26.1)	(8.3)
Total .....	<u>(22.6)%</u>	<u>(3.3)%</u>

We sell our products in five primary markets. The decline in organic revenue due to poor global economic conditions has impacted all of our market areas. Of our five primary markets, the automotive market has experienced the sharpest decline in demand during fiscal 2009 as consumers are not purchasing as many new automobiles in the current economic environment. Concerns about the global economy have also impacted our industrial market and telecommunications market for mobile devices as demand continues to be lower than in fiscal 2008. The following table sets forth, for fiscal years 2009 and 2008, changes in net revenue from each of our five primary product markets from the prior fiscal year:

	<u>2009</u>	<u>2008</u>
Telecommunications .....	(18)%	3%
Consumer .....	(18)	2
Data .....	(18)	4
Industrial .....	(27)	(7)
Automotive .....	(35)	6

Telecommunications market revenue decreased in fiscal 2009 compared with 2008 due to lower demand for mobile products and supply chain inventory reductions. This decline is partially offset by higher demand for smartphones and our customers' introduction of new smartphone models, many of which include our connector and antenna products. Telecommunications market revenue increased in fiscal 2008 compared with 2007 due to higher demand for our networking products.

Consumer market revenue decreased in home entertainment and home appliance products in fiscal 2009. These declines were partially offset by increased demand for our products used in electronic gaming equipment. Demand increased in fiscal 2009 for our components in portable navigation devices and flat panel display televisions, although the increased demand in flat panel display televisions was offset by cost pressures and price erosion. Consumer market revenue increased in fiscal 2008 compared with 2007 due to higher demand for our connectors used in home entertainment products.

Data market revenue for fiscal 2009 decreased from 2008 due to lower customer demand for storage networking products and computer peripherals due to the global economic uncertainties. These declines were partially offset by increased demand due to our customers' release of lower end computers and notebook computers. Data market revenue increased in fiscal 2008 compared with

2007 due to our customers' releases of new high-end products and their expansion in new optical and high speed technologies, for which we offered a strong product line.

The industrial market revenue for fiscal 2009 decreased compared with 2008 due to declines in residential and commercial construction, lower demand in the industrial communications business worldwide, particularly in North America and Europe, and lower demand for factory automation due to worldwide excess manufacturing capacity. Declines in non-residential, commercial and industrial construction had a negative impact on temporary power and lighting products used on jobsites. The global decline in the manufacturing economy resulted in the delay or cancellation of many industrial automation projects. The industrial market declined in fiscal 2008 compared with 2007 due largely to our customer enhancing its product line for a cable assembly product.

Automotive market revenue declined in fiscal 2009 compared with 2008 due to a decrease in demand related to poor economic conditions during fiscal 2009. The number of automobiles manufactured by our customers decreased in fiscal 2009 as automotive manufacturing companies' reduced inventories in the automotive supply chain. There were a number of extended closings and bankruptcy filings by automotive manufacturers and automotive suppliers during fiscal 2009 that negatively impacted our revenue. The automobile market began to show signs of stabilization late in fiscal 2009 as new car sales increased in Western Europe due to government incentives. Revenue in the U.S. automotive market was higher in fiscal 2008 compared with 2007 as the automotive market benefited from new products reflecting higher electronic content in automobiles.

### Gross Profit

We measure gross profit as net revenue less cost of sales. Cost of sales includes manufacturing costs, such as materials, direct and indirect labor, and factory overhead, as well as all of the costs of our customer service function such as labor, materials, travel and overhead. Our gross margins are primarily affected by the following drivers: product mix; volume; cost reduction efforts; competitive pricing pressure; commodity costs; and currency fluctuations.

The following table sets forth gross profit and gross margin for fiscal years 2009, 2008 and 2007 (dollars in thousands):

	2009	2008	2007
Gross profit . . . . .	\$656,177	\$1,014,235	\$1,016,708
Gross margin . . . . .	25.4%	30.5%	31.1%

The reduction in gross margin during fiscal 2009 was primarily due to lower absorption from the rapid drop in our production caused by the poor global economic conditions. While we were unable to reduce factory-related costs as quickly as production declined, the expansion of our restructuring program should improve our gross margins over time. The reduction in gross margin in fiscal 2008 compared with 2007 was primarily related to higher commodity cost and price erosion partially offset by general cost reductions, a portion of which is related to restructuring activities.

A significant portion of our material cost consists of copper and gold costs. We purchased approximately 16 million pounds of copper and approximately 87,000 troy ounces of gold in fiscal 2009 compared with approximately 25 million pounds of copper and approximately 135,000 troy ounces of gold in fiscal 2008 and 2007. The following table sets forth the average prices of copper and gold we purchased in fiscal 2009, 2008 and 2007:

	2009	2008	2007
Average Price			
Copper (price per pound) . . . . .	\$ 2.69	\$ 3.49	\$ 3.20
Gold (price per troy ounce) . . . . .	872.00	825.00	636.00

Generally, we are able to pass through to our customers only a small a portion of the changes in the cost of copper and gold. However, we mitigated the impact of the change in copper and gold

prices by hedging with call options a portion of our projected net global purchases of copper and gold. The hedges did not materially affect operating results for fiscal 2009 and 2008.

In addition to commodity costs, the following table sets forth, for fiscal years 2009 and 2008, the effects of certain significant impacts on gross profit from the prior year (in thousands):

	2009	2008
Price erosion . . . . .	\$(97,643)	\$(132,758)
Currency translation . . . . .	4,590	48,842
Currency transaction . . . . .	(14,382)	(18,393)

Price erosion is measured as the reduction in prices of our products year over year, which reduces our gross profit. A significant portion of the price erosion occurred in our mobile phone connector products, which are part of our telecommunications market.

The increase in gross profit due to currency translation gains in fiscal 2009 compared with 2008 was primarily due to a stronger Japanese yen against other currencies, partially offset by a general strengthening U.S. dollar against other currencies. The increase in gross profit due to currency translation gains in fiscal 2008 compared with fiscal 2007 was primarily due to a general weakening of the U.S. dollar against other currencies.

Certain products that we manufacture in Japan and Europe are sold in other regions of the world at selling prices primarily denominated in or closely linked to the U.S. dollar. As a result, changes in currency exchange rates may affect our cost of sales reported in U.S. dollars without a corresponding effect on net revenue. The decrease in gross profit due to currency transactions in fiscal 2009 was primarily due to a stronger Japanese yen, partially offset by a weaker euro against the U.S. dollar. The decrease in gross profit due to currency transaction losses in fiscal 2008 was primarily due to a general weakening of the U.S. dollar against other currencies.

### *Operating Expenses*

The following table sets forth our operating expenses for fiscal years 2009, 2008 and 2007 (dollars in thousands):

	2009	2008	2007
Selling, general & administrative . . . . .	\$586,702	\$665,038	\$658,289
Selling, general & administrative as a percentage of revenue . . . .	22.7%	20.0%	20.1%
Restructuring costs and asset impairments . . . . .	151,531	31,247	36,869
Goodwill impairments . . . . .	264,140	—	—

### *Selling, general & administrative expenses*

Selling, general and administrative expense increased as a percentage of revenue in fiscal 2009 compared with prior year periods primarily due to the significant drop in revenue. Selling, general and administrative expenses declined by \$78.3 million or 11.8% primarily due to our restructuring efforts and cost-cutting initiatives in response to the significant drop in revenue. These initiatives included salary reductions and a \$9.1 million decrease in expense related to reductions in employee benefits. We also reduced selling, general and administrative expenses through a lower cost structure resulting from our restructuring initiative and specific cost containment activities. Selling, general and administrative expense as a percentage of revenue was relatively consistent in fiscal 2008 compared with 2007 while organic net revenue declined. The impact of currency translation decreased selling, general and administrative expenses by approximately \$4.1 million for fiscal 2009 compared with 2008 and increased selling, general and administrative expenses by approximately \$35.4 million for fiscal 2008 compared with 2007.

Research and development expenditures, which are classified as selling, general and administrative expense, was \$159.2 million, or 6.2% of net revenue, for fiscal 2009 compared with \$163.7 million, or 4.9% of net revenue, for fiscal 2008 and \$159.1 million, or 4.9% of net revenue, for fiscal 2007. The increase in expense as a percent of revenue is primarily due to the drop in revenue in fiscal 2009. Total research and development expenditures in fiscal 2009 were consistent with fiscal 2008, but increased as a percent of net revenue.

#### *Restructuring costs and asset impairments*

Restructuring costs and asset impairments consist of the following (in thousands):

	2009	2008	2007	Total
Severance costs . . . . .	\$110,155	\$17,648	\$26,702	\$154,505
Asset impairments . . . . .	21,128	13,599	8,667	43,394
Restructuring costs . . . . .	131,283	31,247	35,369	197,899
Intangible asset impairments . . . . .	16,300	—	—	16,300
Other charges . . . . .	3,948	—	1,500	5,448
Total restructuring charges and asset impairments . . . .	<u>\$151,531</u>	<u>\$31,247</u>	<u>\$36,869</u>	<u>\$219,647</u>

During fiscal 2007, we undertook a multi-year restructuring plan designed to reduce costs, increase efficiencies and to improve customer service and return on invested capital in connection with a new global organization that was effective July 1, 2007. A majority of the plan relates to facilities located in North America, Europe and Japan and, in general, the movement of manufacturing activities at these plants to other lower-cost facilities. Restructuring costs during fiscal 2009 was \$131.3 million, consisting of \$110.2 million of severance costs and \$21.1 million for asset impairments. The cumulative expense since we announced the restructuring plan totals \$197.9 million.

We expect to incur total restructuring and asset impairment costs related to these actions ranging from \$240 to \$250 million, of which the impact on each segment will be determined as the actions become more certain. Management approved several actions related to this plan. The total cost estimates increased as we formulated detailed plans for the latest restructuring actions, which included a reduction from five product-focused divisions to three product-focused divisions. A portion of this plan involves cost savings or other actions that do not result in incremental expense, such as better utilization of assets, reduced spending and organizational efficiencies. This plan includes employee reduction targets throughout the company, and we expect to achieve these targets through ongoing employee attrition and terminations. We expect to complete the actions under this plan by June 30, 2010 with estimated annual cost savings ranging from \$190 to \$210 million.

In 2009, we recognized net restructuring costs related to employee severance and benefit arrangements for approximately 6,600 employees, resulting in a charge of \$110.1 million. A large part of these employee terminations resulted from plant closings in Europe and Asia. We recognized asset impairment charges of \$41.4 million to write-down assets to fair value less the cost to sell. Restructuring costs and asset impairments in fiscal 2009 include intangible asset impairments of \$16.3 million due to lower projected future revenue and profit in our Transportation and Automation & Electrical business units.

In 2008, we recognized net restructuring costs related to employee severance and benefit arrangements for approximately 900 employees, resulting in a charge of \$17.6 million. A large part of these employee terminations occurred in our corporate headquarters and U.S. and Mexican manufacturing operations. In accordance with our planned restructuring actions, we recorded additional asset impairment charges of \$13.6 million to write-down assets to fair value less the cost to sell.

In 2007, we recognized net restructuring costs related to employee severance and benefit arrangements for approximately 335 employees. A substantial majority of these employee terminations occurred within our Ireland manufacturing operations and various administrative functions in the



Americas and European regions. In addition, we have vacated or plan to vacate several buildings and are holding these buildings and related assets for sale. This plan resulted in an impairment charge of \$8.7 million to write-down these assets to fair value less the cost to sell these assets. The fair value of the asset groupings was determined using various valuation techniques.

The timing of the cash expenditures associated with these charges does not necessarily correspond to the period in which the accounting charge is taken. For additional information concerning the status of our restructuring programs see Note 5 of the Notes to Consolidated Financial Statements.

During fiscal 2009, we recorded an impairment charge of \$16.3 million to our indefinite lived intangible assets on lower projected future revenue and profit growth in the Automation & Electrical business unit of our Custom & Electrical segment.

#### *Goodwill*

Fiscal 2009 income from operations included goodwill impairment charges of \$264.1 million. We recorded \$93.1 million and \$171.0 million goodwill impairment charges in the Transportation business unit of our Connector segment and Automation & Electrical business unit of our Custom & Electrical segment, respectively. The economic downturn had a negative impact on the business units' operating results. The potential liquidity risk extended our estimate for the automotive industry's economic recovery and our Automation & Electrical business unit's results were not recovering in line with other business units. These factors resulted in lower growth and profit expectations for these business units, which resulted in the goodwill impairment charges.

#### *Other Income (net)*

Other income consists primarily of net interest income, investment income and currency exchange gains or losses. Currency exchange gains for fiscal 2009 were \$11.8 million. The increase in currency exchange gains in fiscal 2009 was due to a stronger U.S. dollar and Japanese yen against most other currencies. Prior to fiscal 2009, currency gains and losses were classified as selling, general and administrative expense. We recognized a \$9.3 million and \$6.7 million exchange losses in fiscal 2008 and 2007, respectively.

#### *Effective Tax Rate*

The effective tax rate for the three years ended June 30, was as follows:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Effective tax rate .....	(0.8)%	36.4%	28.8%

The effective tax rate for fiscal 2009 was negative due to (1) a second quarter charge of \$93.1 million to impair goodwill for which no tax benefit is available, (2) a fourth quarter charge of \$171.0 million to impair goodwill for which no tax benefit is available, (3) increases in tax reserves based on evaluation of certain tax positions taken, and (4) tax losses generated in non-US jurisdictions for which no tax benefit has been recognized. The effective tax rate in fiscal 2008 was higher than fiscal 2007 due to changes in foreign tax credit estimates and carryforwards.

#### *Results by Product Segment*

During fiscal 2009, we reorganized our operations, which changed the configuration of our reportable segments into the Connector and Custom & Electrical segments. Our former Transportation segment was operationally merged into the Connector segment under the direction of one global Executive Vice President.

*Connector.* The following table sets forth the change in net revenue for fiscal years 2009 and 2008 (dollars in thousands):

	2009	2008
Net revenue for prior year	\$2,377,584	\$2,357,688
Components of net revenue increase (decrease):		
Organic net revenue decline	(614,321)	(104,637)
Currency translation	18,572	124,533
Acquisitions	7,304	—
Total change in net revenue from prior year	(588,445)	19,896
Net revenue for current year	<u>\$1,789,139</u>	<u>\$2,377,584</u>
Organic net revenue decline as a percentage of net revenue for prior year	(25.8)%	(5.4)%

The Connector segment sells primarily to the telecommunications, data, automotive and consumer markets, which are discussed above. Segment revenue decreased in fiscal 2009 with currency translation partially offsetting an organic revenue decline. Connector organic revenue decreased in fiscal 2009 primarily due to the significant drop in consumer spending in the current economic conditions, particularly the mobile phone sector of the telecommunications market and the automotive market. Connector organic revenue decreased in fiscal 2008 primarily due to general weakness in these markets, particularly the mobile phone sector. Additionally, price erosion, which is generally higher in the Connector segment compared with our other segments, was 4.6% and 5.7% in fiscal 2009 and 2008, respectively. We also completed an asset purchase of a company in Japan during fiscal 2009.

The following table sets forth information on income from operations and operating margins for fiscal years 2009, 2008 and 2007 (dollars in thousands):

	2009	2008	2007
Income (loss) from operations	\$(125,604)	\$322,226	\$365,654
Operating margin	(7.0)%	17.1%	19.4%

Connector segment income from operations decreased in fiscal 2009 compared with the prior year periods due to the decrease in revenue and a goodwill impairment charge. Fiscal 2009 income from operations was unfavorably impacted by restructuring charges of \$93.9 million and a goodwill impairment charge of \$93.1 million in our Transportation business unit due to lower projected future revenue and profit. The sharp decline was partially offset by reduced selling, general and administrative expenses against the prior year periods.

*Custom & Electrical.* The following table sets forth net revenue for fiscal years 2009 and 2008 (dollars in thousands):

	2009	2008
Net revenue for prior year	\$ 941,365	\$892,756
Components of net revenue increase:		
Organic net revenue (decline) growth	(147,648)	4,455
Currency translation	(13,359)	44,154
Acquisition	10,243	—
Total change in net revenue from prior year	(150,764)	48,609
Net revenue for current year	<u>\$ 790,601</u>	<u>\$941,365</u>
Organic net revenue (decline) growth as a percentage of net revenue for prior year	(15.7)%	0.5%

The sale of Custom and Electrical segment's products is concentrated in the industrial, telecommunications and data markets. Custom and Electrical segment revenue declined in fiscal 2009 due to the decline in these markets discussed above. We also acquired a flexible circuit manufacturing business during fiscal 2009.

The following table sets forth income from operations and operating margins for the fiscal years 2009, 2008 and 2007 (dollars in thousands):

	2009	2008	2007
Income (loss) from operations	\$(152,443)	\$97,393	\$54,955
Operating margin	(19.3)%	10.3%	6.2%

Segment operating income decreased in fiscal 2009 from prior years due to slowing global demand and impairment charges for goodwill and intangible assets. Fiscal 2009 income from operations was unfavorably impacted by restructuring charges of \$23.0 million, and a goodwill impairment charge of \$171.0 million and intangible asset impairment charge of \$16.3 million in our Automation & Electrical business unit due to lower projected future revenue and profit. Demand in our Automation & Electrical business unit declined significantly due to our customers' global excess manufacturing capacity. Segment operating income increased in fiscal 2008 compared with 2007 due to efficiencies achieved with the Woodhead integration and an increase in revenue in the telecommunications market.

### Financial Condition and Liquidity

We fund capital projects and working capital needs principally out of operating cash flows and cash reserves. Cash, cash equivalents and marketable securities totaled \$467.9 million and \$509.8 million at June 30, 2009 and 2008, respectively, of which approximately \$457.4 million was in non-U.S. accounts as of June 30, 2009. Transferring cash, cash equivalents or marketable securities to U.S. accounts from non-U.S. accounts could subject us to additional U.S. income tax.

Our long-term financing strategy is to primarily rely on internal sources of funds for investing in plant, equipment and acquisitions. Long-term debt and obligations under capital leases totaled \$242.1 million and \$151.8 million at June 30, 2009 and 2008, respectively. We had available lines of credit totaling \$282.5 million at June 30, 2009, including a \$195.0 million committed, unsecured, three-year revolving credit facility with \$170.0 million available as of June 30, 2009.

### Cash Flows

Below is a table setting forth the key lines of our Consolidated Statements of Cash Flows (in thousands):

	2009	2008	2007
Cash provided from operating activities	\$ 369,898	\$ 479,134	\$ 451,434
Cash used for investing activities	(253,086)	(218,156)	(446,129)
Cash (used for) provided by financing activities	(155,582)	(197,306)	28,529
Effect of exchange rate changes on cash	(12,030)	33,474	11,712
Net (decrease) increase in cash and cash equivalents	<u>\$ (50,800)</u>	<u>\$ 97,146</u>	<u>\$ 45,546</u>

### Operating Activities

Cash provided from operating activities in fiscal 2009 decreased by \$109.2 million from the prior year due mainly to lower revenue and income, partially offset by a related decline in working capital needs in fiscal 2009 compared with fiscal 2008. Working capital is defined as current assets minus current liabilities. Net income in fiscal 2009 included non-cash impairment charges approximating \$308.0 million. Our restructuring accrual as of June 30, 2009 was \$69.9 million, which we expect to

reduce through cash outlays during fiscal 2010 and 2011. In addition, we anticipate additional cash outlays of approximately \$30.0 million during fiscal 2010 and 2011 related to restructuring charges that we expect to recognize in fiscal 2010.

Cash provided from operating activities in fiscal 2008 increased by \$27.7 million from fiscal 2007 due primarily to lower use of funds to finance working capital needs in fiscal 2008 compared with fiscal 2007, partially offset by lower net income.

#### *Investing Activities*

During fiscal 2009, we completed the acquisition of two companies and a joint venture in cash transactions approximating \$74.8 million. We recorded additional goodwill of \$27.9 million in connection with the acquisitions. The purchase price allocation for the acquisitions is substantially complete. On July 19, 2007, we completed an acquisition of a U.S.-based company in an all cash transaction approximating \$42.5 million. On August 9, 2006, we completed the acquisition of Woodhead in an all cash transaction for approximately \$238.1 million, including the assumption of debt and net of cash acquired.

Capital expenditures declined \$56.7 million and \$62.2 million during fiscal 2009 and fiscal 2008, respectively, compared with prior year periods. The decrease in capital expenditures reflects our efforts to increase asset efficiency by lowering the incremental investment required to drive future growth.

Cash flow from investing activities also includes net purchases of marketable securities of \$13.2 million in fiscal 2009, and proceeds in the amount of \$46.8 million in fiscal 2008 and \$71.2 million in fiscal 2007. Our marketable securities generally have a term of less than one year. Our investments in marketable securities are primarily based on our uses of cash in operating, other investing and financing activities.

#### *Financing Activities*

On June 25, 2009, we entered into a \$195.0 million committed, unsecured, three-year revolving credit facility. Borrowings were \$25.0 million as of June 30, 2009, which was used to pay down other uncommitted debt balances.

On August 1, 2008, our Board of Directors authorized the repurchase of up to an aggregate \$200.0 million of common stock through June 30, 2009. We purchased shares of Common Stock and Class A Common Stock totaling 4.5 million shares, 8.0 million shares and 1.2 million shares during fiscal years 2009, 2008 and 2007, respectively. The aggregate cost of these purchases was \$76.3 million, \$199.6 million and \$34.9 million in fiscal years 2009, 2008 and 2007, respectively.

In order to fund stock repurchases during fiscal 2008, we borrowed \$125.0 million on our unsecured lines of credit, \$75.0 million of which was repaid during fiscal 2008. In order to fund the cash portion of our investment in Woodhead made during fiscal 2007, we entered into two term notes aggregating 15 billion Japanese yen (\$141.3 million) and borrowed \$44.0 million on our unsecured lines of credit that was repaid the same year. The term notes are due in September 2009, with weighted-average fixed interest rates approximating 1.3%. We plan to refinance the term notes upon their expiration in September 2009.

#### *Sources of Liquidity*

We believe we have sufficient cash balances and cash flow to support our planned growth. As part of our growth strategy, we may, in the future, acquire other companies in the same or complementary lines of business, and pursue other business ventures. The timing and size of any new business ventures or acquisitions we complete may affect our cash requirements and debt balances.

We had available lines of credit totaling \$307.5 million at June 30, 2009 expiring between 2009 and 2013. On June 25, 2009, we entered into a \$195.0 million committed, unsecured, three-year revolving credit facility with interest rates equivalent to the London Interbank Offered Rate (LIBOR) plus 250 basis points. The revolving line of credit also includes an accordion feature allowing us to increase the balance of the credit line by an amount not to exceed \$75.0 million. The current portion of our long-term debt as of June 30, 2009 consists principally of three unsecured term loans approximating 20 billion Japanese yen (\$208.0 million) due in September 2009, with weighted-average fixed interest rates approximating 1.3%. We plan to refinance the term notes upon their expiration in September 2009. Our long-term debt approximates \$30.3 million, including an outstanding balance of \$25.0 million on the revolving credit line at June 30, 2009. Our remaining long-term debt generally consists of mortgages and industrial development bonds with interest rates ranging from 5.9% to 7.8% and maturing through 2013. Certain assets, including land, buildings and equipment, secure our long-term debt. Principal payments on long-term debt obligations, including interest, are due as follows: fiscal 2010, \$208.9 million; fiscal 2011, \$3.9 million; fiscal 2012, \$25.6 million; fiscal 2013, \$0.6 million; and thereafter, \$0.1 million.

The instrument governing our credit facility contains customary covenants regarding liens, debt, substantial asset sales and mergers, dividends and investments. Our credit facility also requires us to maintain financial covenants pertaining to, among other things, our consolidated leverage, fixed charge coverage and liquidity. As of June 30, 2009, we were in compliance with all of these covenants.

### Contractual Obligations and Commercial Commitments

The following table summarizes our significant contractual obligations at June 30, 2009, and the effect such obligations are expected to have on liquidity and cash flows in future periods (in thousands):

	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Operating lease obligations . . . . .	\$ 33,648	\$ 12,367	\$14,294	\$3,722	\$ 3,265
Capital lease obligations . . . . .	3,108	2,060	1,046	2	—
Other long-term liabilities . . . . .	14,512	3,520	1,335	239	9,418
Debt obligations . . . . .	238,946	208,635	30,279	32	—
Total(1) . . . . .	<u>\$290,214</u>	<u>\$226,582</u>	<u>\$46,954</u>	<u>\$3,995</u>	<u>\$12,683</u>

(1) Total does not include contractual obligations recorded on the balance sheet as current liabilities or certain purchase obligations, as discussed below. Debt and capital lease obligations include interest payments.

Contractual obligations for purchases of goods or services are defined as agreements that are enforceable and legally binding on us and that specify all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. Our purchase orders are based on current manufacturing needs and are fulfilled by vendors within short time horizons. In addition, some purchase orders represent authorizations to purchase rather than binding agreements. We do not generally have significant agreements for the purchase of raw materials or other goods specifying minimum quantities and set prices that exceed expected requirements for three months. Agreements for outsourced services generally contain clauses allowing for cancellation without significant penalty, and are therefore not included in the table above.

The expected timing of payments of the obligations above is estimated based on current information. Timing of payments and actual amounts paid may be different, depending on the time of receipt of goods or services, or changes to agreed-upon amounts for some obligations.

## Off-Balance Sheet Arrangements

An off-balance sheet arrangement is any contractual arrangement involving an unconsolidated entity under which a company has (i) made guarantees, (ii) a retained or a contingent interest in transferred assets, (iii) any obligation under certain derivative instruments or (iv) any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk, or credit risk support to a company, or engages in leasing, hedging, or research and development services within a company.

We do not have material exposure to any off-balance sheet arrangements. We do not have any unconsolidated special purpose entities.

## Critical Accounting Estimates

Our accounting and financial reporting policies are in conformity with U.S. generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Significant accounting policies are summarized in Note 2 of the Notes to Consolidated Financial Statements. Noted here are a number of policies that require significant judgments or estimates.

### *Revenue Recognition*

Our revenue recognition policies are in accordance with Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition in Financial Statements," and SAB No. 104, "Revenue Recognition," as issued by the SEC and other applicable guidance.

We recognize revenue upon shipment of product and transfer of ownership to the customer. Contracts and customer purchase orders generally are used to determine the existence of an arrangement. Shipping documents, proof of delivery and customer acceptance (when applicable) are used to verify delivery. We assess whether an amount due from a customer is fixed and determinable based on the terms of the agreement with the customer, including, but not limited to, the payment terms associated with the transaction. The impact of judgments and estimates on revenue recognition is minimal. A reserve for estimated returns is established at the time of sale based on historical return experience to cover returns of defective product and is recorded as a reduction of revenue.

### *Income Taxes*

As a result of the implementation of Financial Accounting Standards Board (FASB) interpretation No. 48, "Accounting for the Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109" (FIN 48), effective July 1, 2007, we recognize liabilities for uncertain tax positions based on the two-step process prescribed within the interpretation. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step requires us to estimate and measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. It is inherently difficult and subjective to estimate such amounts, as this requires us to determine the probability of various possible outcomes. We re-evaluate these uncertain tax positions on a quarterly basis. This evaluation is based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit and new audit activity. Such a change in recognition or measurement would result in the recognition of a tax benefit or an additional charge to the tax provision in the period.

Prior to adoption of FIN 48, our policy was to establish accruals for taxes that may become payable in future years as a result of examinations by tax authorities. We established the accruals based upon management's assessment of probable income tax contingencies.

Deferred tax assets and liabilities are recognized based on differences between the financial statement and tax bases of assets and liabilities using presently enacted tax rates. We have net deferred tax assets of \$117.3 million at June 30, 2009.

We have operations in countries around the world that are subject to income and other similar taxes in these countries. The estimation of the income tax amounts that we record involves the interpretation of complex tax laws and regulations, evaluation of tax audit findings and assessment of how foreign taxes may affect domestic taxes. Although we believe our tax accruals are adequate, differences may occur in the future depending on the resolution of pending and new tax matters.

We periodically assess the carrying value of our deferred tax assets based upon our ability to generate sufficient future taxable income in certain tax jurisdictions. If we determine that we will not be able to realize all or part of our deferred tax assets in the future, a valuation allowance is established in the period such determination is made. We have determined that it is unlikely that we will realize a net deferred asset in the future relating to certain non-U.S. net operating losses. The cumulative valuation allowance relating to net operating losses is approximately \$70 million at June 30, 2009. Entities with net operating losses were able to utilize \$0.3 million of these losses during fiscal 2009.

#### *Inventory*

Inventories are valued at the lower of first-in, first-out (FIFO) cost or market value. FIFO inventories recorded in our consolidated balance sheet are adjusted for an allowance covering inventories determined to be slow-moving or excess. The allowance for slow-moving and excess inventories is maintained at an amount management considers appropriate based on factors such as historical usage of the product, open sales orders and future sales forecasts. If our sales forecast for specific products is greater than actual demand and we fail to reduce manufacturing output accordingly, we could be required to write down additional inventory, which would have a negative impact on gross margin and operating results. Such factors require judgment, and changes in any of these factors could result in changes to this allowance.

#### *Pension Plans*

The costs and obligations of our defined benefit pension plans are dependent on actuarial assumptions. Three critical assumptions used, which impact the net periodic pension expense (income) and two of which impact the pension benefit obligation (PBO), are the discount rate, expected return on plan assets and rate of compensation increase. The discount rate is determined based on high-quality fixed income investments that match the duration of expected benefit payments. The discount rate used to determine the present value of our future U.S. pension obligations is based on a yield curve constructed from a portfolio of high quality corporate debt securities with various maturities. Each year's expected future benefit payments are discounted to their present value at the appropriate yield curve rate, thereby generating the overall discount rate for U.S. pension obligations. The discount rates for our foreign pension plans are selected by using a yield curve approach or by reference to high quality corporate bond rates in those countries that have developed corporate bond markets. In those countries where developed corporate bond markets do not exist, the discount rates are selected by reference to local government bond rates with a premium added to reflect the additional risk for corporate bonds. The expected return on plan assets represents a forward projection of the average rate of earnings expected on the pension assets. We have estimated this rate based on historical returns of similarly diversified portfolios. The rate of compensation increase represents the long-term assumption for expected increases to salaries for pay-related plans. These

key assumptions are evaluated annually. Changes in these assumptions can result in different expense and liability amounts.

The effects of the indicated increase and decrease in selected assumptions for our pension plans as of June 30, 2009, assuming no changes in benefit levels and no amortization of gains or losses, is shown below (in thousands):

	Increase (Decrease) in PBO		Increase (Decrease) in Pension Expense	
	U.S. Plan	Int'l Plans	U.S. Plan	Int'l Plans
Discount rate change:				
Increase 50 basis points . . . . .	\$(4,024)	\$(8,534)	\$(279)	\$(132)
Decrease 50 basis points . . . . .	4,491	9,649	287	141
Expected rate of return change:				
Increase 100 basis points . . . . .	N/A	N/A	(600)	(723)
Decrease 100 basis points . . . . .	N/A	N/A	600	723

#### Other Postretirement Benefits

We have retiree health care plans that cover the majority of our U.S. employees. There are no significant postretirement health care benefit plans outside of the U.S. The health care cost trend rate assumption has a significant effect on the amount of the accumulated postretirement benefit obligation (APBO) and retiree health care benefit expense. The effects of the indicated increase and decrease in the discount rate assumption for our retiree healthcare plans as of June 30, 2009, assuming no change in benefit levels is shown below (in thousands):

	Increase (Decrease) Total Annual Service and Interest Cost	Increase (Decrease) in APBO
Increase 100 basis points: . . . . .	\$ 708	\$ 4,882
Decrease 100 basis points: . . . . .	(588)	(4,095)

#### Stock Options

We use the Black-Scholes option-pricing model to estimate the fair value of each option grant as of the date of grant. Expected volatilities are based on historical volatility of our common stock. We estimate the expected life of the option using historical data pertaining to option exercises and employee terminations. Separate groups of employees that have similar historical exercise behavior are considered separately for estimating the expected life. The risk-free interest rate is based on U.S. Treasury yields in effect at the time of grant.

#### Fair Value of Financial Assets and Liabilities

The following table summarizes our financial assets and liabilities which are measured at fair value on a recurring basis and subject to the disclosure requirements of SFAS 157 as of June 30, 2009 (in thousands):

	Total Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Available for sale and trading securities . . . . .	\$52,401	\$52,401	\$ —	\$ —
Derivative financial instruments, net . . . . .	2,601	—	2,601	—
Total . . . . .	<u>\$55,002</u>	<u>\$52,401</u>	<u>\$2,601</u>	<u>\$ —</u>



We determine the fair value of our available for sale securities based on quoted market prices (Level 1). We generally use derivatives for hedging purposes pursuant to SFAS No. 133 and SFAS No. 149, which are valued based on Level 2 inputs in the SFAS 157 fair value hierarchy. The fair value of our financial instruments is determined by a mark to market valuation based on forward curves using observable market prices.

#### *Goodwill*

Goodwill is recorded when the purchase price paid for an acquisition exceeds the estimated fair value of the net identified tangible and intangible assets acquired.

We perform an annual goodwill impairment analysis as of May 31, or earlier if indicators of potential impairment exist. In assessing the recoverability of goodwill, we review both quantitative as well as qualitative factors to support our assumptions with regard to fair value. Our impairment review process compares the estimated fair value of the reporting unit in which goodwill resides to our carrying value. Reporting units may be operating segments as a whole or an operation one level below an operating segment, referred to as a component. Components are defined as operations for which discrete financial information is available and reviewed by segment management.

The fair value of a reporting unit is estimated using a discounted cash flow model for the evaluation of impairment. The expected future cash flows are generally based on management's estimates and are determined by looking at numerous factors including projected economic conditions and customer demand, revenue and margins, changes in competition, operating costs and new products introduced. In determining fair value, we make certain judgments. If these estimates or their related assumptions change in the future as a result of changes in strategy or market conditions, we may be required to record an impairment charge.

Although management believes its assumptions in determining the projected cash flows are reasonable, changes in those estimates could affect the evaluation.

#### *Restructuring Costs and Asset Impairments*

We have recorded charges in connection with restructuring our business. We recognize a liability for restructuring costs at fair value when the liability is incurred. The main components of our restructuring plans are related to workforce reductions and the closure and consolidation of excess facilities. Workforce-related charges are expensed and accrued when it is determined that a liability is probable, which is generally after individuals have been notified of their termination dates and expected severance payments, but under certain circumstances may be recognized upon approval of a restructuring plan by management or in future accounting periods when terminated employees continue to provide service. Plans to consolidate excess facilities result in charges for lease termination fees, future commitments to pay lease charges, net of estimated future sublease income, and adjustments to the fair value of buildings and equipment to be sold. Charges for the consolidation of excess facilities are based on an estimate of the amounts and timing of future cash flows related to the expected future remaining use and ultimate sale or disposal of buildings and equipment.

The timing of the cash expenditures associated with these charges does not necessarily correspond to the period in which the accounting charge is taken. For additional information concerning the status of our restructuring programs see Note 5 of the Notes to Consolidated Financial Statements. See also "Forward-Looking Statements."

#### *Other-Than-Temporary Impairments (OTTI)*

For available-for-sale securities, we presume an OTTI decline in value if the quoted market price of the security is 20% or more below the investment's cost basis for a continuous period of six months or more. However, the presumption of an OTTI decline in value may be overcome if there is persuasive evidence indicating that the decline is temporary in nature. For investments accounted for

under the equity method, we evaluate all known quantitative and qualitative factors in addition to quoted market prices in determining whether an OTTI decline in value exists. Factors that we consider important in evaluating for a potential OTTI, include historical operating performance, future financial projections, business plans for new products or concepts and strength of balance sheet.

### *Impairment of Long-Lived Assets*

In accordance with Statement of Financial Accounting Standards (SFAS) No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, we assess the impairment of long-lived assets, other than goodwill and trade names, including property and equipment, and identifiable intangible assets subject to amortization, whenever events or changes in circumstances indicate the carrying value may not be recoverable. Factors we consider important, which could trigger an impairment review, include significant changes in the manner of our use of the asset, changes in historical trends in operating performance, changes in projected operating performance, and significant negative economic trends.

### **New Accounting Pronouncements**

In December 2007, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 141R, "Business Combinations" (SFAS 141R). SFAS 141R states that acquisition-related costs are to be recognized separately from the acquisition and expensed as incurred with restructuring costs being expensed in periods after the acquisition date. SFAS 141R also states that business combinations will result in all assets and liabilities of the acquired business being recorded at their fair values. We are required to adopt SFAS No. 141R effective July 1, 2009. The impact of the adoption of SFAS No. 141R will depend on the nature and extent of business combinations occurring on or after the effective date.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements" (SFAS 160) — an amendment of ARB No. 51. SFAS 160 requires identification and presentation of ownership interests in subsidiaries held by parties other than us in the consolidated financial statements within the equity section but separate from the equity. It also requires that (1) the amount of consolidated net income attributable to the parent and to the noncontrolling interest be clearly identified and presented on the face of the consolidated statement of income, (2) changes in ownership interest be accounted for similarly, as equity transactions, and (3) when a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary and the gain or loss on the deconsolidation of the subsidiary be measured at fair value. This statement is effective for us on July 1, 2009. We are currently evaluating the requirements of SFAS 160, but do not expect it to have a material impact on our financial statements.

In February 2008, the FASB issued FASB Staff Position No. 157-2, which delays the effective date of SFAS 157 for nonfinancial assets and liabilities, which are not measured at fair value on a recurring basis (at least annually) until fiscal years beginning after November 15, 2008. This statement is effective for us on July 1, 2009. We are currently evaluating the requirements of SFAS 157 for nonfinancial assets and liabilities, but do not expect it to have a material impact on our financial statements.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities" (SFAS 161) — an amendment of FASB Statement No. 133. SFAS 161 requires enhanced disclosures about an entity's derivative and hedging activities and thus improves the transparency of financial reporting. This statement is effective for us on July 1, 2009. We are currently evaluating the requirements of SFAS 161, but do not expect it to have a material impact on our financial statements.

In December 2008, the FASB issued FASB Staff Position No. 132(R)-1, Employers' Disclosures about Postretirement Benefit Plan Assets (FAS 132R-1). FAS 132R-1 requires disclosures about plan assets of a defined benefit pension or other postretirement plan. This statement is effective for us on

July 1, 2009. The adoption of FAS 132R-1 will result in enhanced disclosures, but will not otherwise have an impact on our financial statements.

### Forward-looking Statements

This Annual Report on Form 10-K and other documents we file with the Commission contain forward-looking statements that are based on current expectations, estimates, forecasts and projections about our future performance, our business, our beliefs, and our management's assumptions. Words such as "expect," "anticipate," "outlook," "forecast," "could," "project," "intend," "plan," "continue," "believe," "seek," "estimate," "should," "may," "assume," variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties, and assumptions that are difficult to predict. We describe our respective risks, uncertainties, and assumptions that could affect the outcome or results of operations below.

We have based our forward looking statements on our management's beliefs and assumptions based on information available to them at the time the statements are made. We caution you that actual outcomes and results may differ materially from what is expressed, implied, or forecast by our forward-looking statements. Reference is made in particular to forward looking statements regarding growth strategies, industry trends, financial results, restructuring and other cost reduction initiatives, acquisition synergies, manufacturing strategies, product development and sales, regulatory approvals, and competitive strengths. Except as required under the federal securities laws, we do not have any intention or obligation to update publicly any forward-looking statements after the filing of this report, whether as a result of new information, future events, changes in assumptions, or otherwise.

### Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are subject to market risk associated with changes in foreign currency exchange rates and interest rates.

We mitigate our foreign currency exchange rate risk principally through the establishment of local production facilities in the markets we serve. This creates a "natural hedge" since purchases and sales within a specific country are both denominated in the same currency and therefore no exposure exists to hedge with a foreign exchange forward or option contract (collectively, "foreign exchange contracts"). Natural hedges exist in most countries in which we operate, although the percentage of natural offsets, as compared with offsets that need to be hedged by foreign exchange contracts, will vary from country to country.

We also monitor our foreign currency exposure in each country and implement strategies to respond to changing economic and political environments. Examples of these strategies include the prompt payment of intercompany balances utilizing a global netting system, the establishing of contra-currency accounts in several international subsidiaries, development of natural hedges and use of foreign exchange contracts to protect or preserve the value of cash flows. No material foreign exchange contracts were in use at June 30, 2009 and 2008.

We have implemented a formalized treasury risk management policy that describes the procedures and controls over derivative financial and commodity instruments. Under the policy, we do not use derivative financial or commodity instruments for speculative or trading purposes, and the use of such instruments is subject to strict approval levels by senior management. Typically, the use of derivative instruments is limited to hedging activities related to specific foreign currency cash flows and net receivable and payable balances.

The translation of the financial statements of the non-North American operations is impacted by fluctuations in foreign currency exchange rates. The increase in consolidated net revenue and income from operations was impacted by the translation of our international financial statements into

U.S. dollars resulting in increased net revenue of \$5.2 million and increased income from operations of \$1.7 million for 2009, compared with the estimated results for 2008 using the average rates for 2008.

Our \$43.2 million of marketable securities at June 30, 2009 are principally invested in time deposits.

Interest rate exposure is limited to our long-term debt. We do not actively manage the risk of interest rate fluctuations. However, such risk is mitigated by the relatively short-term nature of our investments (less than 12 months) and the fixed-rate nature of our long-term debt.

Due to the nature of our operations, we are not subject to significant concentration risks relating to customers, products or geographic locations.

We monitor the environmental laws and regulations in the countries in which we operate. We have implemented an environmental program to reduce the generation of potentially hazardous materials during our manufacturing process and believe we continue to meet or exceed local government regulations.

**Item 8. Financial Statements and Supplementary Data****Molex Incorporated****Index to Consolidated Financial Statements**

	<u>Page</u>
Consolidated Balance Sheets .....	45
Consolidated Statements of Operations .....	46
Consolidated Statements of Cash Flows .....	47
Consolidated Statements of Stockholders' Equity .....	48
Notes to Consolidated Financial Statements .....	49
Report of Independent Registered Public Accounting Firm .....	77
Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting .....	78

**Molex Incorporated**  
**Consolidated Balance Sheets**  
(In thousands, except per share data)

	June 30,	
	2009	2008
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 424,707	\$ 475,507
Marketable securities	43,234	34,298
Accounts receivable, less allowances of \$32,593 in 2009 and \$40,243 in 2008	528,907	740,827
Inventories	354,337	458,295
Deferred income taxes	27,939	23,444
Prepaid expenses	68,449	50,589
Total current assets	1,447,573	1,782,960
Property, plant and equipment, net	1,080,417	1,172,395
Goodwill	128,494	373,623
Non-current deferred income taxes	89,332	62,521
Other assets	196,341	208,038
Total assets	<u>\$ 2,942,157</u>	<u>\$ 3,599,537</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Short-term loans	\$ 224,340	\$ 66,687
Accounts payable	266,633	350,413
Accrued expenses:		
Salaries, commissions and bonuses	55,109	74,689
Restructuring	69,928	19,842
Other	93,392	64,683
Income taxes payable	4,750	73,124
Total current liabilities	714,152	649,438
Other non-current liabilities	21,862	21,346
Accrued pension and other postretirement benefits	113,268	105,574
Long-term debt	30,311	146,333
Total liabilities	879,593	922,691
Commitments and contingencies		
Stockholders' equity:		
Common Stock, \$0.05 par value; 200,000 shares authorized; 112,204 shares issued at 2009 and 112,195 shares issued at 2008	5,610	5,610
Class A Common Stock, \$0.05 par value; 200,000 shares authorized; 110,468 shares issued at 2009 and 109,841 shares issued at 2008	5,523	5,492
Class B Common Stock, \$0.05 par value; 146 shares authorized; 94 shares issued at 2009 and 2008	5	5
Paid-in capital	601,459	569,046
Retained earnings	2,355,991	2,785,099
Treasury stock (Common Stock, 16,644 shares at 2009 and 13,744 shares at 2008; Class A Common Stock, 32,789 shares at 2009 and 30,948 shares at 2008), at cost	(1,089,322)	(1,009,021)
Accumulated other comprehensive income	183,298	320,615
Total stockholders' equity	2,062,564	2,676,846
Total liabilities and stockholders' equity	<u>\$ 2,942,157</u>	<u>\$ 3,599,537</u>

See accompanying notes to consolidated financial statements.

**Molex Incorporated**  
**Consolidated Statements of Operations**  
(In thousands, except per share data)

	Years Ended June 30,		
	2009	2008	2007
Net revenue .....	\$2,581,841	\$3,328,347	\$3,265,874
Cost of sales .....	<u>1,925,664</u>	<u>2,314,112</u>	<u>2,249,166</u>
Gross profit .....	656,177	1,014,235	1,016,708
Selling, general and administrative .....	586,702	665,038	658,289
Restructuring costs and asset impairments .....	151,531	31,247	36,869
Goodwill impairments .....	<u>264,140</u>	<u>—</u>	<u>—</u>
Total operating expenses .....	<u>1,002,373</u>	<u>696,285</u>	<u>695,158</u>
Income (loss) from operations .....	(346,196)	317,950	321,550
Interest income, net. ....	1,961	9,192	8,582
Other income (loss) .....	<u>25,347</u>	<u>11,506</u>	<u>8,125</u>
Total other income, net. ....	<u>27,308</u>	<u>20,698</u>	<u>16,707</u>
Income (loss) before income taxes .....	(318,888)	338,648	338,257
Income taxes .....	<u>2,399</u>	<u>123,211</u>	<u>97,489</u>
Net (loss) income .....	<u>\$ (321,287)</u>	<u>\$ 215,437</u>	<u>\$ 240,768</u>
Earnings (loss) per share:			
Basic .....	\$ (1.84)	\$ 1.19	\$ 1.31
Diluted .....	\$ (1.84)	\$ 1.19	\$ 1.30
Average common shares outstanding:			
Basic .....	174,598	180,474	183,961
Diluted .....	174,598	181,395	185,565

See accompanying notes to consolidated financial statements.

**Molex Incorporated**  
**Consolidated Statements of Cash Flows**  
(In thousands)

	Years Ended June 30,		
	2009	2008	2007
Operating activities:			
Net (loss) income	\$(321,287)	\$ 215,437	\$ 240,768
Add (deduct) non-cash items included in net income (loss):			
Depreciation and amortization	251,902	252,344	237,912
Goodwill impairment	264,140	—	—
Asset write-downs included in restructuring costs	41,376	13,599	8,667
(Gain) loss on investments	(143)	111	(1,154)
Deferred income taxes	(26,606)	31,096	20,998
Loss on sale of property, plant and equipment	2,478	296	1,800
Share-based compensation	26,508	24,249	27,524
Other non-cash items	(8,124)	(6,778)	23,373
Changes in assets and liabilities, excluding effects of foreign currency adjustments and acquisitions:			
Accounts receivable	201,080	478	27,913
Inventories	95,529	(26,240)	(16,514)
Accounts payable	(84,502)	34,197	(57,479)
Other current assets and liabilities	(24,967)	(45,798)	(60,421)
Other assets and liabilities	(47,486)	(13,857)	(1,953)
Cash provided from operating activities	<u>369,898</u>	<u>479,134</u>	<u>451,434</u>
Investing activities:			
Capital expenditures	(177,943)	(234,626)	(296,861)
Proceeds from sales of property, plant and equipment	9,574	14,978	9,946
Proceeds from sales or maturities of marketable securities	29,549	811,724	4,856,301
Purchases of marketable securities	(42,751)	(764,966)	(4,785,080)
Acquisitions, net of cash acquired	(74,789)	(42,503)	(238,072)
Other investing activities	3,274	(2,763)	7,637
Cash used for investing activities	<u>(253,086)</u>	<u>(218,156)</u>	<u>(446,129)</u>
Financing activities:			
Proceeds from revolving credit facility and short-term loans	245,000	139,590	44,000
Payments on revolving credit facility	(295,000)	(75,000)	(44,000)
Proceeds from issuance of long-term debt	78,060	—	131,045
Payments of long-term debt	(1,827)	(1,948)	(26,937)
Cash dividends paid	(99,640)	(74,598)	(55,176)
Exercise of stock options	1,692	16,732	15,416
Excess tax benefits from share-based compensation	1,693	1,677	1,714
Purchase of treasury stock	(76,342)	(199,583)	(34,889)
Other financing activities	(9,218)	(4,176)	(2,644)
Cash (used for) provided from financing activities	<u>(155,582)</u>	<u>(197,306)</u>	<u>28,529</u>
Effect of exchange rate changes on cash	<u>(12,030)</u>	<u>33,474</u>	<u>11,712</u>
Net (decrease) increase in cash and cash equivalents	<u>(50,800)</u>	<u>97,146</u>	<u>45,546</u>
Cash and cash equivalents, beginning of year	<u>475,507</u>	<u>378,361</u>	<u>332,815</u>
Cash and cash equivalents, end of year	<u>\$ 424,707</u>	<u>\$ 475,507</u>	<u>\$ 378,361</u>
Supplemental cash flow information:			
Interest paid	\$ 5,487	\$ 3,599	\$ 2,857
Income taxes paid	\$ 83,904	\$ 64,641	\$ 96,531

See accompanying notes to consolidated financial statements.



**Molex Incorporated**  
**Consolidated Statements of Stockholders' Equity**  
(In thousands)

	Years Ended June 30,		
	2009	2008	2007
Common stock .....	\$ 11,138	\$ 11,107	\$ 11,020
Paid-in capital:			
Beginning balance .....	\$ 569,046	\$ 520,037	\$ 442,586
Stock-based compensation .....	26,508	24,249	27,524
Exercise of stock options .....	4,183	22,738	37,101
Issuance of stock awards .....	1,586	1,743	2,059
Reclass of directors' deferred compensation plan .....	—	—	6,059
Other .....	136	279	4,708
Ending balance .....	\$ 601,459	\$ 569,046	\$ 520,037
Retained earnings:			
Beginning balance .....	\$ 2,785,099	\$ 2,650,470	\$ 2,464,889
Net (loss) income .....	(321,287)	215,437	240,768
Dividends .....	(106,110)	(80,756)	(55,205)
Other .....	(1,711)	(52)	18
Ending balance .....	\$ 2,355,991	\$ 2,785,099	\$ 2,650,470
Treasury stock:			
Beginning balance .....	\$(1,009,021)	\$ (799,894)	\$ (743,219)
Purchase of treasury stock .....	(76,342)	(199,583)	(34,889)
Exercise of stock options .....	(3,959)	(9,544)	(21,801)
Other .....	—	—	15
Ending balance .....	\$(1,089,322)	\$(1,009,021)	\$ (799,894)
Accumulated other comprehensive income, net of tax:			
Beginning balance .....	\$ 320,615	\$ 141,398	\$ 106,713
Translation adjustments .....	(115,029)	165,706	51,009
Pension adjustments, net of tax .....	(22,137)	3,309	(3,135)
Adjustment for initially applying SFAS No. 158, net of tax .....	—	—	(17,965)
Unrealized investment gain (loss), net of tax .....	(151)	10,202	4,776
Ending balance .....	\$ 183,298	\$ 320,615	\$ 141,398
Total stockholders' equity .....	\$ 2,062,564	\$ 2,676,846	\$ 2,523,031
Comprehensive (loss) income, net of tax:			
Net (loss) income .....	\$ (321,287)	\$ 215,437	\$ 240,768
Translation adjustments .....	(101,945)	165,706	51,009
Pension adjustments, net of tax .....	(35,221)	3,309	(3,135)
Unrealized investment gain, net of tax .....	(151)	10,202	4,776
Total comprehensive (loss) income, net of tax .....	\$ (458,604)	\$ 394,654	\$ 293,418

See accompanying notes to consolidated financial statements.

**Molex Incorporated**  
**Notes to Consolidated Financial Statements**

**1. Organization and Basis of Presentation**

Molex Incorporated (together with its subsidiaries, except where the context otherwise requires, "we," "us" and "our") manufactures electronic components, including electrical and fiber optic interconnection products and systems, switches and integrated products in 43 manufacturing locations in 18 countries.

**2. Summary of Significant Accounting Policies**

*Principles of Consolidation*

The consolidated financial statements include the accounts of Molex Incorporated and our majority-owned subsidiaries. All material intercompany balances and transactions are eliminated in consolidation. Equity investments in which we exercise significant influence but do not control and are not the primary beneficiary are accounted for using the equity method. Investments in which we are not able to exercise significant influence over the investee are accounted for under the cost method.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the use of estimates and assumptions related to the reporting of assets, liabilities, revenues, expenses and related disclosures. Actual results could differ from these estimates.

*Currency Translation*

Assets and liabilities of international entities are translated at period-end exchange rates and income and expenses are translated using weighted-average exchange rates for the period. Translation adjustments are included as a component of accumulated other comprehensive income.

*Cash and Cash Equivalents*

We consider all liquid investments with original maturities of three months or less to be cash equivalents.

*Marketable Securities*

Marketable securities consist primarily of time deposits held at non-U.S. local banks. We generally hold these instruments for a period of greater than three months, but no longer than 12 months. Marketable securities are classified as available-for-sale securities.

No mark-to-market adjustments were required during fiscal years 2009, 2008 or 2007 because the carrying value of the securities approximated the market value. Proceeds from sales of available-for-sales securities, excluding maturities, during fiscal years 2008 and 2007 were \$194.3 million and \$273.1 million, respectively. There were no associated gains or losses on these sales. We did not liquidate any available-for-sales securities prior to maturity in fiscal 2009.

*Accounts Receivable*

In the normal course of business, we extend credit to customers that satisfy pre-defined credit criteria. We believe that we have little concentration of credit risk due to the diversity of our customer base. Accounts receivable, as shown on the Consolidated Balance Sheets, were net of allowances and anticipated discounts. An allowance for doubtful accounts is determined through analysis of the aging of accounts receivable at the date of the financial statements, assessments of collectability

## Molex Incorporated

## Notes to Consolidated Financial Statements — (Continued)

based on historical trends and an evaluation of the impact of current and projected economic conditions. We monitor the collectability of our accounts receivable on an ongoing basis by analyzing the aging of our accounts receivable, assessing the credit worthiness of our customers and evaluating the impact of reasonably likely changes in economic conditions that may impact credit risks. Our accounts receivable are not collateralized.

*Inventories*

Inventories are valued at the lower of first-in, first-out cost or market value.

*Property, Plant and Equipment*

Property, plant and equipment are reported at cost less accumulated depreciation. Depreciation is primarily recorded on a straight-line basis for financial statement reporting purposes and using a combination of accelerated and straight-line methods for tax purposes.

The estimated useful lives are as follows:

Buildings . . . . .	25 — 40 years
Machinery and equipment . . . . .	3 — 10 years
Molds and dies . . . . .	2 — 4 years

We perform reviews for impairment of long-lived assets whenever adverse events or circumstances indicate that the carrying value of an asset may not be recoverable. When indicators of impairment are present, we evaluate the carrying value of the long-lived assets in relation to the operating performance and future undiscounted cash flows of the underlying assets. We adjust the net book value of the underlying assets to fair value if the sum of the expected undiscounted future cash flows is less than book value.

*Goodwill*

Goodwill is recorded when the purchase price paid for an acquisition exceeds the estimated fair value of the net identified tangible and intangible assets acquired. We perform an annual review in the fourth quarter of each year, or more frequently if indicators of potential impairment exist, to determine if the carrying value of the recorded goodwill is impaired. The impairment review process compares the fair value of the reporting unit in which goodwill resides to its carrying value. Reporting units may be operating segments as a whole or an operation one level below an operating segment, referred to as a component.

Our goodwill impairment reviews require a two-step process. The first step of the review compares the estimated fair value of the reporting unit against its aggregate carrying value, including goodwill. We estimate the fair value of our segments using the income and market methods of valuation, which includes the use of estimated discounted cash flows. Based on this analysis, if we determine the carrying value of the segment exceeds its fair value, then we complete the second step to determine the fair value of net assets in the segment and quantify the amount of goodwill impairment.

*Other-Than-Temporary Impairments (OTTI)*

For available-for-sale securities, we presume an OTTI decline in value if the quoted market price of the security is 20% or more below the investment's cost basis for a continuous period of six months or more. However, the presumption of an OTTI decline in value may be overcome if there is persuasive evidence indicating that the decline is temporary in nature. For investments accounted for

**Molex Incorporated****Notes to Consolidated Financial Statements — (Continued)**

under the equity method, we evaluate all known quantitative and qualitative factors in addition to quoted market prices in determining whether an OTTI decline in value exists. Factors that we consider important in evaluating for a potential OTTI, include historical operating performance, future financial projections, business plans for new products or concepts and strength of balance sheet.

*Pension and Other Postretirement Plan Benefits*

Pension and other postretirement plan benefits are expensed as employees earn such benefits. The recognition of expense is significantly impacted by estimates made by management such as discount rates used to value certain liabilities, expected return on assets and future healthcare costs. We use third-party specialists to assist management in appropriately measuring the expense associated with pension and other postretirement plan benefits.

*Revenue Recognition*

We recognize revenue when in the normal course of our business the following conditions are met: (i) a purchase order has been received from the customer with a corresponding order acknowledgement sent to the customer confirming delivery, price and payment terms, (ii) product has been shipped (FOB origin) or delivered (FOB destination) and title has clearly transferred to the customer or customer carrier, (iii) the price to the buyer is fixed and determinable for sales with an estimate of allowances made based on historical experience and (iv) there is reasonable assurance of collectability.

We record revenue on a consignment sale when a customer has taken title of product which is stored in either the customer's warehouse or that of a third party.

From time to time, we will discontinue or obsolete products that we have formerly sold. When this is done, an accrual for estimated returns is established at the time of the announcement of product discontinuation or obsolescence.

We typically warrant that our products will conform to Molex specifications and that our products will be free from material defects in materials and manufacturing, and limit our liability to the replacement of defective parts or the cash value of replacement parts. We will not accept returned goods unless the customer makes a claim in writing and management authorizes the return. Returns result primarily from defective products or shipping discrepancies. A reserve for estimated returns is established at the time of sale based on historical return experience and is recorded as a reduction of revenue.

We provide certain distributors with an inventory allowance for returns or scrap equal to a percentage of qualified purchases. At the time of sale, we record as a reduction of revenue a reserve for estimated inventory allowances based on a fixed percentage of sales that we authorized to distributors.

From time to time we in our sole discretion will grant price allowances to customers. At the time of sale, we record as a reduction of revenue a reserve for estimated price allowances based on historical allowances authorized and approved solely at our discretion.

Other allowances include customer quantity and price discrepancies. At the time of sale, we record as a reduction of revenue a reserve for other allowances based on historical experience. We believe we can reasonably and reliably estimate the amounts of future allowances.

**Molex Incorporated****Notes to Consolidated Financial Statements — (Continued)***Research and Development*

Costs incurred in connection with the development of new products and applications are charged to operations as incurred. Research and development costs are included in selling, general and administrative expenses and totaled \$159.2 million, \$163.7 million and \$159.1 million in fiscal 2009, 2008 and 2007, respectively.

*Income Taxes*

Deferred tax assets and liabilities are recognized based on differences between the financial statement and tax bases of assets and liabilities using presently enacted tax rates. We have operations that are subject to income and other similar taxes in foreign countries. The estimation of the income tax amounts that we record involves the interpretation of complex tax laws and regulations, evaluation of tax audit findings and assessment of the impact foreign taxes may have on domestic taxes. A valuation allowance is provided to offset deferred tax assets if, based on available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

*Derivative Instruments and Hedging Activities*

We use derivative instruments primarily to hedge activities related to specific foreign currency cash flows and commodity purchases. We had no material derivatives outstanding at June 30, 2009 or 2008. The net impact of gains and losses on such instruments was not material to the results of operations for fiscal 2009, 2008 and 2007.

*Stock-Based Compensation*

We have granted nonqualified and incentive stock options and restricted stock to our directors, officers and employees under our stock plans pursuant to the terms of such plans.

*Accounting Changes**Uncertainty in Income Taxes*

We adopted the provisions of Financial Accounting Standards Board (FASB) Interpretation No. 48, "Accounting for the Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109", (FIN 48) effective July 1, 2007. Among other things, FIN 48 requires application of a "more likely than not" threshold to the recognition and derecognition of tax positions. The adoption of FIN 48 did not have a material impact on our statement of financial position or results of operations.

*Pension and Postretirement Medical Benefit Plans*

Effective for fiscal 2007, we adopted the provisions of SFAS No. 158 "Employers' accounting for defined benefit pension and other postretirement plans." SFAS No. 158 requires that the funded status of defined-benefit postretirement plans be recognized on the consolidated balance sheet, and changes in the funded status be reflected in comprehensive income. SFAS No. 158 also requires the measurement date of the plan's funded status to be the same as our fiscal year-end in fiscal 2009. The adoption of the measurement date provision of SFAS No. 158 did not have a material impact on our statement of financial position or results of operations.

## Molex Incorporated

## Notes to Consolidated Financial Statements — (Continued)

*New Accounting Pronouncements**Business Combinations*

In December 2007, the FASB issued SFAS No. 141R, Business Combinations. SFAS No. 141R states that acquisition-related costs are to be recognized separately from the acquisition and expensed as incurred with restructuring costs expensed in periods after the acquisition date. SFAS No. 141R also states that business combinations will result in all assets and liabilities of the acquired business being recorded at their fair values. We are required to adopt SFAS No. 141R effective July 1, 2009. The impact of the adoption of SFAS No. 141R will depend on the nature and extent of business combinations occurring on or after the effective date.

*Noncontrolling Interests*

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51." SFAS No. 160 requires identification and presentation of ownership interests in subsidiaries held by parties other than us in the consolidated financial statements within the equity section but separate from the equity. It also requires that (1) the amount of consolidated net income attributable to the parent and to the noncontrolling interest be clearly identified and presented on the face of the consolidated statement of income, (2) changes in ownership interest be accounted for similarly, as equity transactions, and (3) when a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary and the gain or loss on the deconsolidation of the subsidiary be measured at fair value. This statement is effective for us on July 1, 2009. We are currently evaluating the requirements of SFAS No. 160 but do not expect it to have a material impact on our financial statements.

*Fair Value*

In February 2008, the FASB issued FASB Staff Position No. 157-2, which delays the effective date of SFAS No. 157 for nonfinancial assets and liabilities, which are not measured at fair value on a recurring basis (at least annually) until fiscal years beginning after November 15, 2008. This statement is effective for us on July 1, 2009. We are currently evaluating the requirements of SFAS 157 for nonfinancial assets and liabilities, but do not expect it to have a material impact on our financial statements.

*Derivative Instruments*

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities— an amendment of FASB Statement No. 133. SFAS No. 161 requires enhanced disclosures about an entity's derivative and hedging activities and thus improves the transparency of financial reporting. This statement is effective for us on July 1, 2009. We are currently evaluating the requirements of SFAS No. 161 but do not expect it to have a material impact on our financial statements.

*Pension and Postretirement Medical Benefit Plans*

In December 2008, the FASB issued FASB Staff Position No. 132(R)-1, Employers' Disclosures about Postretirement Benefit Plan Assets (FAS 132R-1). FAS No. 132R-1 requires disclosures about plan assets of a defined benefit pension or other postretirement plan. This statement is effective for us on July 1, 2009. The adoption of FAS No. 132R-1 will result in enhanced disclosures, but will not otherwise have an impact on our financial statements.

## Molex Incorporated

## Notes to Consolidated Financial Statements — (Continued)

**3. Earnings Per Share**

Basic earnings per share (EPS) is computed by dividing net income by the weighted-average number of common shares outstanding during the year. Diluted EPS is computed by dividing net income by the weighted-average number of common shares and dilutive common shares outstanding, which includes stock options, during the year. A reconciliation of the basic average common shares outstanding to diluted average common shares outstanding as of June 30 is as follows (in thousands, except per share data):

	2009	2008	2007
Net (loss) income	<u>\$(321,287)</u>	<u>\$215,437</u>	<u>\$240,768</u>
Basic average common shares outstanding	174,598	180,474	183,961
Effect of dilutive stock options	—	921	1,604
Diluted average common shares outstanding	<u>174,598</u>	<u>181,395</u>	<u>185,565</u>
Earnings (loss) per share:			
Basic	\$ (1.84)	\$ 1.19	\$ 1.31
Diluted	\$ (1.84)	\$ 1.19	\$ 1.30

Excluded from the computations above were anti-dilutive shares of 9.2 million, 5.2 million and 1.9 million in fiscal 2009, 2008 and 2007, respectively.

**4. Acquisitions**

During fiscal 2009, we completed the acquisition of two companies and a joint venture in cash transactions approximating \$74.8 million. We recorded additional goodwill of \$27.9 million in connection with the acquisitions. The purchase price allocation for the acquisitions is substantially complete.

On July 19, 2007, we completed the acquisition of a U.S.-based company in an all cash transaction approximating \$42.5 million. We recorded goodwill of \$23.9 million in connection with this acquisition.

On August 9, 2006, we completed the acquisition of Woodhead Industries, Inc. (Woodhead) in an all cash transaction valued at approximately \$238.1 million, including the assumption of debt and net of cash acquired. Woodhead develops, manufactures and markets network and electrical infrastructure components engineered for performance in harsh, demanding, and hazardous industrial environments. The acquisition is a significant step in our strategy to expand our products and capabilities in the global industrial market.

## Molex Incorporated

## Notes to Consolidated Financial Statements — (Continued)

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed for Woodhead at the date of acquisition (in thousands). Goodwill is non-deductible for tax purposes. The majority of goodwill from this transaction was impaired during fiscal 2009 (see Note 8).

Current assets	\$ 95,724
Land and depreciable assets	47,946
Goodwill	177,093
Intangible assets	39,000
Assets acquired	359,763
Liabilities assumed	100,109
Restructuring (see Note 5)	3,999
Non-current deferred tax liabilities, net	17,583
Total purchase price	<u>\$238,072</u>

The following table illustrates the pro forma effect on operating results for the year ended June 30, 2006, as if we had acquired Woodhead as of the beginning of the year (the pro forma effect on the year ended June 30, 2007 was not material) (in thousands, except per share data):

Net revenue	\$3,084,000
Income from operations	325,000
Net income	246,000
Net income per common share — basic	1.33
Net income per common share — diluted	1.31

The above unaudited pro forma financial information is presented for informational purposes only and does not purport to represent what our results of operations would have been had we acquired Woodhead on the dates assumed, nor is it necessarily indicative of the results that may be expected in future periods. Pro forma adjustments exclude cost savings from any synergies resulting from the combination of Molex and Woodhead.

## 5. Restructuring Costs and Asset Impairments

Restructuring costs and asset impairments consist of the following (in thousands):

	2009	2008	2007	Total
Severance costs	\$110,155	\$17,648	\$26,702	\$154,505
Asset impairments	21,128	13,599	8,667	43,394
Restructuring costs	131,283	31,247	35,369	197,899
Intangible asset impairments	16,300	—	—	16,300
Other charges	3,948	—	1,500	5,448
Total restructuring charges and asset impairments	<u>\$151,531</u>	<u>\$31,247</u>	<u>\$36,869</u>	<u>\$219,647</u>

### Molex Restructuring Plans

During fiscal 2007, we undertook a multi-year restructuring plan designed to reduce costs, increase efficiencies and to improve customer service and return on invested capital in connection with a new global organization that was effective July 1, 2007. A majority of the plan relates to facilities located in North America, Europe and Japan and, in general, the movement of manufacturing



## Molex Incorporated

## Notes to Consolidated Financial Statements — (Continued)

activities at these plants to other lower-cost facilities. Restructuring costs during fiscal 2009 was \$131.3 million, consisting of \$110.2 million of severance costs and \$21.1 million for asset impairments. The cumulative expense since we announced the restructuring plan totals \$197.9 million.

We expect to incur total restructuring and asset impairment costs related to these actions ranging from \$240 to \$250 million, of which the impact on each segment will be determined as the actions become more certain. Management approved several actions related to this plan. The total cost estimates increased as we formulated detailed plans for the latest additions to the restructuring actions, which included reorganization of our global product divisions. A portion of this plan involves cost savings or other actions that do not result in incremental expense, such as better utilization of assets, reduced spending and organizational efficiencies. This plan includes employee reduction targets throughout the company, and we expect to achieve these targets through ongoing employee attrition and terminations. We expect to complete the actions under this plan by June 30, 2010 with estimated annual cost savings ranging from \$190 to \$210 million.

In 2009, we recognized net restructuring costs related to employee severance and benefit arrangements for approximately 6,600 employees, resulting in a charge of \$110.2 million. A large part of these employee terminations resulted from plant closings in Europe and Asia. We recognized asset impairment charges of \$41.4 million to write-down assets to fair value less the cost to sell.

In 2008, we recognized net restructuring costs related to employee severance and benefit arrangements for approximately 900 employees, resulting in a charge of \$17.6 million. A large part of these employee terminations occurred in our corporate headquarters and U.S. and Mexican manufacturing operations. In accordance with our planned restructuring actions, we recorded additional asset impairment charges of \$13.6 million to write-down assets to fair value less the cost to sell.

In 2007, we recognized net restructuring costs related to employee severance and benefit arrangements for approximately 335 employees. A substantial majority of these employee terminations occurred within our Ireland manufacturing operations and various administrative functions in the Americas and European regions. In addition, we have vacated or plan to vacate several buildings and are holding these buildings and related assets for sale. This plan resulted in an impairment charge of \$8.7 million to write-down these assets to fair value less the cost to sell these assets. The fair value of the asset groupings was determined using various valuation techniques.

## Molex Incorporated

## Notes to Consolidated Financial Statements — (Continued)

A summary of the restructuring charges and asset impairments for the fiscal years ended June 30 is summarized as follows (in thousands):

	2009	2008	2007
Connector:			
Severance costs . . . . .	\$ 73,658	\$ 3,154	\$ 6,674
Asset impairments . . . . .	18,468	11,380	2,732
Other . . . . .	1,750	—	—
Total . . . . .	<u>\$ 93,876</u>	<u>\$14,534</u>	<u>\$ 9,406</u>
Custom & Electrical:			
Severance costs . . . . .	\$ 22,483	\$ 3,144	\$ 8,721
Asset impairments . . . . .	529	193	3,485
Other . . . . .	16,300	—	—
Total . . . . .	<u>\$ 39,312</u>	<u>\$ 3,337</u>	<u>\$12,206</u>
Corporate and Other:			
Severance costs . . . . .	\$ 14,014	\$11,350	\$11,307
Asset impairments . . . . .	2,131	2,026	2,450
Other . . . . .	2,198	—	1,500
Total . . . . .	<u>\$ 18,343</u>	<u>\$13,376</u>	<u>\$15,257</u>
Total:			
Severance costs . . . . .	\$110,155	\$17,648	\$26,702
Asset impairments . . . . .	21,128	13,599	8,667
Other . . . . .	20,248	—	1,500
Total . . . . .	<u>\$151,531</u>	<u>\$31,247</u>	<u>\$36,869</u>

*Woodhead Restructuring Plan*

During fiscal 2007, management finalized plans to restructure certain operations of Woodhead to eliminate redundant costs resulting from the acquisition of Woodhead and improve efficiencies in operations. The restructuring charges recorded are based on restructuring plans that have been committed to by management.

The total estimated restructuring costs associated with Woodhead were \$4.0 million, consisting primarily of severance costs. These costs were recognized as a liability assumed in the purchase business combination and included in the allocation of the cost to acquire Woodhead and, accordingly, resulted in an increase to goodwill (see Note 4).

**Molex Incorporated**  
**Notes to Consolidated Financial Statements — (Continued)**

Changes in the accrued severance balance are summarized as follows (in thousands):

	Restructuring Plans		
	Molex	Woodhead	Total
Balance at June 30, 2006	\$ 15,941	\$ —	\$ 15,941
Charges to expense	26,702	—	26,702
Purchase accounting allocation	—	3,999	3,999
Cash payments	(11,788)	(30)	(11,818)
Non-cash related costs	(2,659)	—	(2,659)
Balance at June 30, 2007	\$ 28,196	\$ 3,969	\$ 32,165
Charges to expense	20,711	655	21,366
Cash payments	(31,481)	(3,498)	(34,979)
Non-cash related costs	1,368	(78)	1,290
Balance at June 30, 2008	\$ 18,794	\$ 1,048	\$ 19,842
Charges to expense	110,155	—	110,155
Cash payments	(55,168)	(535)	(55,703)
Non-cash related costs	(3,897)	(469)	(4,366)
Balance at June 30, 2009	\$ 69,884	\$ 44	\$ 69,928

## 6. Inventories

Inventories, less allowances of \$41.0 million at June 30, 2009 and \$42.8 million at June 30, 2008, consisted of the following (in thousands):

	2009	2008
Raw materials	\$ 58,720	\$ 81,407
Work in progress	113,782	144,683
Finished goods	181,835	232,205
Total inventories	<u>\$354,337</u>	<u>\$458,295</u>

## 7. Property, Plant and Equipment

At June 30, property, plant and equipment consisted of the following (in thousands):

	2009	2008
Land and improvements	\$ 68,262	\$ 69,104
Buildings and leasehold improvements	692,108	663,524
Machinery and equipment	1,625,312	1,641,110
Molds and dies	761,748	754,589
Construction in progress	67,249	115,763
Total	3,214,679	3,244,090
Accumulated depreciation	(2,134,262)	(2,071,695)
Net property, plant and equipment	<u>\$ 1,080,417</u>	<u>\$ 1,172,395</u>

Depreciation expense for property, plant and equipment was \$245.5 million, \$246.9 million and \$232.8 million in fiscal 2009, 2008 and 2007, respectively.

**Molex Incorporated**  
**Notes to Consolidated Financial Statements — (Continued)**

**8. Goodwill**

At June 30, changes to goodwill were as follows (in thousands):

	2009	2008
Beginning balance .....	\$ 373,623	\$334,791
Additions .....	28,605	29,147
Impairment .....	(264,140)	—
Foreign currency translation .....	(9,594)	9,685
Ending balance .....	<u>\$ 128,494</u>	<u>\$373,623</u>

On July 1, 2008, we completed the acquisition of a flexible circuit company and recorded additional goodwill of \$24.4 million. On December 19, 2008, we completed an asset purchase of a company in Japan and have initially recorded additional goodwill of \$3.5 million. The purchase price allocation for these acquisitions is substantially complete.

On July 19, 2007, we completed the acquisition of a U.S.-based company in an all cash transaction approximating \$42.5 million. We recorded goodwill of \$23.9 million in connection with this acquisition.

On August 9, 2006, we completed the acquisition of Woodhead Industries, Inc. (Woodhead) in an all cash transaction valued at approximately \$238.1 million, including the assumption of debt and net of cash acquired.

We recorded a \$93.1 million goodwill impairment charge during the second quarter of fiscal 2009 based on lower projected future revenue and profit growth in the Transportation business unit of our Connector segment. We determined that there were indicators of impairment resulting from the sudden economic downturn and potential liquidity risk in the automotive industry. The economic downturn had a negative impact on the business unit's operating results and the potential liquidity risk extended our estimate for the industry's economic recovery. These factors resulted in lower growth and profit expectations for the business unit, which resulted in the goodwill impairment charge.

We recorded a \$171.0 million goodwill impairment charge during the fourth quarter of fiscal 2009 based on lower projected future revenue and profit growth in the Automation & Electrical business unit of our Custom & Electrical segment. The economic downturn had a negative impact on the business unit's operating results and it became evident during the fourth quarter that the business unit's operating results were not recovering in line with the other operating segments due to our customers' global excess capacity. These factors resulted in lower growth and profit expectations for the business unit, which resulted in the goodwill impairment charge.

**9. Other Intangible Assets**

All of the Company's intangible assets other than goodwill are included in Other Assets. Assets with indefinite lives represent acquired trade names. The value of these indefinite-lived intangible assets was \$4.3 million and \$20.6 million at June 30, 2009 and June 30, 2008, respectively. During fiscal 2009, we recorded an impairment charge of \$16.3 million to our indefinite lived intangible assets on lower projected future revenue and profit growth in the Automation & Electrical business unit of our Custom & Electrical segment. Intangible property assets with finite lives primarily represent customer relationships and rights acquired under technology licenses and are amortized over the periods of benefit.

**Molex Incorporated**  
**Notes to Consolidated Financial Statements — (Continued)**

The components of finite-lived intangible assets were as follows (in thousands):

	June 30, 2009			June 30, 2008		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer-related .....	\$31,191	\$ (4,567)	\$26,624	\$24,546	\$ (3,120)	\$21,426
Technology-based .....	21,403	(9,404)	11,999	19,192	(5,431)	13,761
License fees .....	7,660	(4,467)	3,193	9,561	(5,144)	4,417
Total .....	<u>\$60,254</u>	<u>\$(18,438)</u>	<u>\$41,816</u>	<u>\$53,299</u>	<u>\$(13,695)</u>	<u>\$39,604</u>

We estimate that we have no significant residual value related to our intangible assets.

During fiscal year 2009 and 2008, we recorded additions to intangible assets of \$9.2 million and \$18.0 million, respectively. The components of intangible assets acquired during fiscal years 2009 and 2008 were as follows (in thousands):

	Year Ended June 30,			
	2009		2008	
	Carrying Amount	Weighted Average Life	Carrying Amount	Weighted Average Life
Customer-related .....	\$8,600	14 years	\$ 5,900	20 years
Technology-based .....	400	5 years	5,800	10 years
License fees .....	150	5 years	4,390	5 years
Trade names .....	—	Indefinite	1,900	Indefinite
Total .....	<u>\$9,150</u>		<u>\$17,990</u>	

Acquired intangibles are generally amortized on a straight-line basis over weighted average lives. Intangible assets amortization expense was \$6.3 million for fiscal year 2009, \$5.5 million for fiscal year 2008, and \$5.1 million for fiscal year 2007. The estimated future amortization expense related to intangible assets as of June 30, 2009 is as follows (in thousands):

	Amount
2010 .....	\$ 5,892
2011 .....	4,717
2012 .....	4,690
2013 .....	3,461
2014 and thereafter .....	23,056
Total .....	<u>\$41,816</u>

# 10. Income Taxes

Income (loss) before income taxes and minority interest for the years ended June 30, is summarized as follows (in thousands):

	2009	2008	2007
United States .....	\$(215,328)	\$133,969	\$ 86,229
International .....	(103,560)	204,679	252,028
Income (loss) before income taxes .....	<u>\$(318,888)</u>	<u>\$338,648</u>	<u>\$338,257</u>

## Molex Incorporated

## Notes to Consolidated Financial Statements — (Continued)

The components of income tax expense (benefit) for the years ended June 30, were as follows (in thousands):

	2009	2008	2007
Current:			
U.S. Federal . . . . .	\$ 5,613	\$ 26,211	\$ 5,406
State . . . . .	1,122	2,803	318
International . . . . .	22,270	63,101	70,767
Total currently payable . . . . .	<u>\$ 29,005</u>	<u>\$ 92,115</u>	<u>\$76,491</u>
Deferred:			
U.S. Federal . . . . .	\$ (3,653)	\$ 42,183	\$12,579
State . . . . .	759	(89)	370
International . . . . .	(23,712)	(10,998)	8,049
Total deferred . . . . .	<u>(26,606)</u>	<u>31,096</u>	<u>20,998</u>
Total income tax expense . . . . .	<u>\$ 2,399</u>	<u>\$123,211</u>	<u>\$97,489</u>

Our effective tax rate differs from the U.S. federal income tax rate for the years ended June 30, as follows:

	2009	2008	2007
U.S. Federal income tax rate . . . . .	35.0%	35.0%	35.0%
Permanent tax exemptions . . . . .	0.8	(1.3)	(1.6)
Repatriation of foreign earnings . . . . .	(1.4)	(0.5)	(4.5)
Tax examinations and settlements . . . . .	—	(0.2)	(1.4)
Provision for tax contingencies . . . . .	(2.5)	1.0	—
Valuation allowance . . . . .	(8.3)	(0.3)	0.4
Goodwill impairment . . . . .	(30.1)	—	—
State income taxes, net of Federal tax benefit . . . . .	(0.2)	0.8	0.4
Foreign tax rates less than U.S. Federal rate (net) . . . . .	4.3	(4.4)	(0.8)
Adjustments to foreign tax credits . . . . .	—	5.1	—
Other . . . . .	1.6	1.2	1.3
Effective tax rate . . . . .	<u>(0.8)%</u>	<u>36.4%</u>	<u>28.8%</u>

The effective tax rate for fiscal 2009 was negative due to (1) a second quarter charge of \$93.1 million to impair goodwill for which no tax benefit is available, (2) a fourth quarter charge of \$171 million to impair goodwill for which no tax benefit is available, (3) increases in tax reserves based on evaluation of certain tax positions taken, and (4) tax losses generated in non-US jurisdictions for which no tax benefit has been recognized. The effective tax rate in fiscal 2008 was higher than fiscal 2007 due to changes in foreign tax credit estimates and carryforwards.

At June 30, 2009, we had approximately \$268.0 million of non-U.S. net operating loss carryforwards. Approximately half of the non-U.S. net operating losses can be carried forward indefinitely.

A valuation allowance is provided when it is more likely than not that some portion of the deferred tax asset will not be realized. As of June 30, 2009 and 2008, we have recorded valuation allowances of \$77.3 million and \$38.3 million, respectively, against the non-U.S. net operating loss carryforwards.

**Molex Incorporated**  
**Notes to Consolidated Financial Statements — (Continued)**

The components of net deferred tax assets and liabilities as of June 30 are as follows (in thousands):

	2009	2008
Deferred tax assets:		
Pension and other postretirement liabilities . . . . .	\$ 44,518	\$ 40,339
Stock option and other benefits . . . . .	23,215	24,968
Capitalized research and development . . . . .	12,730	16,602
Foreign Tax Credits . . . . .	3,086	—
Net operating losses . . . . .	93,672	38,931
Depreciation and amortization . . . . .	2,887	2,812
Inventory . . . . .	13,970	15,134
Allowance for doubtful accounts . . . . .	7,346	8,683
Patents . . . . .	6,070	5,873
Severance . . . . .	6,793	3,983
Other, net. . . . .	13,793	4,261
Total deferred tax assets before valuation allowance . . . . .	228,080	161,586
Valuation allowance . . . . .	(77,399)	(38,289)
Total deferred tax assets . . . . .	150,681	123,297
Deferred tax liabilities:		
Investments . . . . .	(27,877)	(25,465)
Depreciation and amortization . . . . .	(5,533)	(11,867)
Total deferred tax liabilities . . . . .	(33,410)	(37,332)
Total net deferred tax assets . . . . .	<u>\$117,271</u>	<u>\$ 85,965</u>

The net deferred tax amounts reported in the consolidated balance sheet as of June 30 are as follows (in thousands):

	2009	2008
Net deferred taxes:		
Current asset. . . . .	\$ 27,939	\$23,444
Non-current asset . . . . .	89,332	62,521
Total . . . . .	<u>\$117,271</u>	<u>\$85,965</u>

We have not provided for U.S. deferred income taxes or foreign withholding taxes on approximately \$893 million of undistributed earnings of certain of our non-U.S. subsidiaries as of June 30, 2009. These earnings are intended to be permanently invested. It is not practicable to estimate the additional income taxes which would be paid if the permanently reinvested earnings were distributed.

We are subject to tax in U.S. federal, state and foreign tax jurisdictions. It is reasonably possible that the amount of unrecognized tax benefits that is, the aggregate tax effect of differences between tax return positions and the benefits recognized in our financial statements, will change over the next

## Molex Incorporated

## Notes to Consolidated Financial Statements — (Continued)

twelve months; however, we do not expect significant changes during that time. The balance of unrecognized tax benefits follows (in thousands):

	2009	
	June 30	July 1
Unrecognized tax benefits . . . . .	\$23,509	\$14,559
Portion that, if recognized, would reduce tax expense and effective tax rate . . . .	23,509	14,559

A reconciliation of the beginning and ending amounts of unrecognized tax benefits follows (in thousands):

	2008
Balance as of July 1, 2008 . . . . .	\$14,559
Additions based on tax positions related to the current year . . . . .	10,327
Additions for tax positions of prior years . . . . .	4,783
Reductions for tax positions of prior years . . . . .	(5,356)
Reductions due to lapse of applicable statute of limitations . . . . .	(804)
Balance at June 30, 2009 . . . . .	<u>\$23,509</u>

We have substantially completed all U.S. federal income tax matters for tax years through 2005. The examination of federal income tax returns for 2000, 2002 and 2003 was completed during fiscal 2009. The tax years 2004 through 2008 remain open to examination by all other major taxing jurisdictions to which we are subject.

It is our practice to recognize interest or penalties related to income tax matters in tax expense. As of June 30, 2009, there were no material interest or penalty amounts to accrue.

## 11. Profit Sharing, Pension and Post Retirement Medical Benefit Plans

### *Profit Sharing Plans*

We provide discretionary savings and other defined contribution plans covering substantially all of our U.S. employees and certain employees in international subsidiaries. Employer contributions to these plans of \$2.3 million, \$17.2 million and \$15.4 million were charged to operations during fiscal 2009, 2008 and 2007, respectively.

### *Pension Plans*

We sponsor and/or contribute to pension plans, including defined benefit plans, covering substantially all U.S. plant hourly employees and certain employees in non-U.S. subsidiaries. The benefits are primarily based on years of service and the employees' compensation for certain periods during their last years of employment. Our pension obligations are measured as of June 30 for all plans. Non-U.S. plans are primarily in France, Germany, Ireland, Japan, Korea and Taiwan.

### *Post Retirement Medical Benefit Plans*

We have retiree health care plans that cover the majority of our U.S. employees. Employees hired before January 1, 1994 may become eligible for these benefits if they reach age 55, with age plus years of service equal to 70. Employees hired after January 1, 1994 may become eligible for these benefits if they reach age 60, with age plus years of service equal to 80. The cost of retiree health care is accrued over the period in which the employees become eligible for such benefits. We continue to fund benefit costs primarily as claims are paid. We discontinued the plans in January 2009



## Molex Incorporated

## Notes to Consolidated Financial Statements — (Continued)

for all employees who were not within 10 years of qualifying. There are no significant postretirement health care benefit plans outside of the U.S.

*Benefit Obligation and Plan Assets*

The accumulated benefit obligations as of June 30, were as follows (in thousands):

	U.S. Pension Benefits		Non-U.S. Pension Benefits		Postretirement Medical Benefits	
	2009	2008	2009	2008	2009	2008
Accumulated benefit obligation . .	\$49,758	\$47,609	\$101,084	\$99,677	\$36,781	\$46,779

The changes in the benefit obligations and plan assets for the plans described above were as follows (in thousands):

	U.S. Pension Benefits		Non-U.S. Pension Benefits		Postretirement Medical Benefits	
	2009	2008	2009	2008	2009	2008
Change in projected benefit obligation:						
Beginning benefit obligation . . . . .	\$52,980	\$60,401	\$115,436	\$107,097	\$ 46,779	\$50,756
Service cost . . . . .	2,404	3,380	5,872	5,783	1,741	2,923
Interest cost . . . . .	3,612	3,683	4,319	4,222	2,883	3,106
Plan participants' contributions . . .	—	—	207	293	831	584
Actuarial loss/(gain) . . . . .	(2,506)	(9,804)	8,834	(7,120)	(2,970)	(8,564)
Plan amendment . . . . .	—	—	—	—	(11,958)	—
Special termination benefits . . . . .	—	—	—	—	321	—
Divestitures . . . . .	—	—	—	—	—	—
Retained Earnings Adjustment . . .	—	—	—	—	—	—
Actual expenses . . . . .	—	—	(86)	—	—	—
Effect of curtailment/settlement . .	(1,940)	(2,336)	(13,219)	(3,211)	—	—
Business combination . . . . .	—	—	—	—	—	—
Impact of Measurement Date Change . . . . .	1,504	—	—	—	1,407	—
Benefits paid to plan participants . .	(1,554)	(2,344)	(2,653)	(6,182)	(2,253)	(2,026)
Changes in foreign currency . . . . .	—	—	(1,929)	14,554	—	—
Ending projected benefit obligation . . . . .	<u>\$54,500</u>	<u>\$52,980</u>	<u>\$116,781</u>	<u>\$115,436</u>	<u>\$ 36,781</u>	<u>\$46,779</u>

## Molex Incorporated

## Notes to Consolidated Financial Statements — (Continued)

	U.S. Pension Benefits		Non-U.S. Pension Benefits		Postretirement Medical Benefits	
	2009	2008	2009	2008	2009	2008
Change in plan assets:						
Beginning fair value of plan assets . .	\$ 58,840	\$57,311	\$ 66,463	\$61,019	\$ —	\$ —
Actual return on plan assets . . . . .	(11,707)	623	(14,069)	(9,505)	—	—
Employer contributions . . . . .	4,472	3,250	14,388	12,340	1,422	1,573
Settlements . . . . .	(1,486)	—	(12,776)	—	—	—
Contributions to fund termination benefits . . . . .	—	—	—	—	—	—
Divestitures . . . . .	—	—	—	—	—	—
Actual expenses . . . . .	—	—	(86)	—	—	—
Plan participants' contributions . . . .	—	—	207	293	831	584
Business combination . . . . .	—	—	—	—	—	—
Benefits paid to plan participants . . .	(1,554)	(2,344)	(2,653)	(6,182)	(2,253)	(2,157)
Changes in foreign currency . . . . .	—	—	(4,897)	8,498	—	—
Ending fair value of plan assets . . . .	<u>\$ 48,565</u>	<u>\$58,840</u>	<u>\$ 46,577</u>	<u>\$66,463</u>	<u>\$ —</u>	<u>\$ —</u>

The funded status, the amount by which plan assets exceed (or are less than) the projected benefit obligation, was as follows (in thousands):

	U.S. Pension Benefits		Non-U.S. Pension Benefits		Postretirement Medical Benefits	
	2009	2008	2009	2008	2009	2008
Funded status . . . . .	\$(5,935)	\$5,860	\$(70,204)	\$(48,973)	\$(36,781)	\$(46,779)

The amounts recognized in the consolidated balance sheets were as follows (in thousands):

	U.S. Pension Benefits		Non-U.S. Pension Benefits		Postretirement Medical Benefits	
	2009	2008	2009	2008	2009	2008
Prepaid expenses . . . . .	\$ —	\$ 7,275	\$ —	\$ 8,406	\$ —	\$ —
Accrued pension and other post retirement benefits . . . . .	(5,935)	(1,415)	(70,204)	(57,379)	(36,781)	(46,779)
Accumulated other comprehensive income . . . . .	<u>12,894</u>	<u>(1,426)</u>	<u>41,932</u>	<u>20,160</u>	<u>(2,672)</u>	<u>7,695</u>
Net amount recognized . . . . .	<u>\$ 6,959</u>	<u>\$ 4,434</u>	<u>\$(28,272)</u>	<u>\$(28,813)</u>	<u>\$(39,453)</u>	<u>\$(39,084)</u>

The amounts comprising accumulated other comprehensive income before taxes were as follows (in thousands):

	U.S. Pension Benefits		Non-U.S. Pension Benefits		Postretirement Medical Benefits	
	2009	2008	2009	2008	2009	2008
Net transition liability . . . . .	\$ —	\$ —	\$ 167	\$ 224	\$ —	\$ —
Net actuarial (gain) loss . . . . .	12,880	(1,447)	39,215	16,967	9,804	13,750
Net prior service costs . . . . .	14	21	2,550	2,969	(12,476)	(6,055)
Defined benefit plans, net . . . . .	<u>\$12,894</u>	<u>\$(1,426)</u>	<u>\$41,932</u>	<u>\$20,160</u>	<u>\$ (2,672)</u>	<u>\$ 7,695</u>

**Molex Incorporated**  
**Notes to Consolidated Financial Statements — (Continued)**

The net loss recognized in other comprehensive income was \$38.2 million in fiscal 2009.

*Assumptions*

Weighted average actuarial assumptions used to determine benefit obligations for the plans were as follows:

	U.S. Pension Benefits		Non-U.S. Pension Benefits		Postretirement Medical Benefits	
	2009	2008	2009	2008	2009	2008
Discount rate . . . . .	7.0%	6.9%	3.8%	4.0%	6.9%	6.9%
Rate of compensation increase . . . . .	3.5%	3.7%	3.4%	3.4%	—	—
Health care cost trend . . . . .	—	—	—	—	9.0%	10.0%
Ultimate health care cost trend . . . . .	—	—	—	—	5.0%	5.0%
Years of ultimate rate . . . . .	—	—	—	—	2017	2013

For the postretirement medical benefit plan, a one-percentage point change in the assumed health care cost trend rates would have the following effect (in thousands):

	2009	2008	2007
Effect on total service and interest cost:			
Increase 100 basis points . . . . .	\$ 708	\$ 1,219	\$ 1,287
Decrease 100 basis points . . . . .	(588)	(968)	(1,014)
Effect on benefit obligation:			
Increase 100 basis points . . . . .	\$ 4,882	\$ 7,987	\$ 9,057
Decrease 100 basis points . . . . .	(4,095)	(6,452)	(7,270)

Weighted-average actuarial assumptions used to determine costs for the plans were as follows:

	U.S. Pension Benefits		Non-U.S. Pension Benefits		Postretirement Medical Benefits	
	2009	2008	2009	2008	2009	2008
Discount rate . . . . .	6.9%	6.2%	4.0%	3.8%	6.9%	6.2%
Expected return on plan assets . . . . .	8.3%	8.2%	5.8%	6.5%	—	—
Rate of compensation increase . . . . .	3.7%	3.7%	3.4%	3.5%	—	—
Health care cost trend . . . . .	—	—	—	—	9.0%	10.0%
Ultimate health care cost trend . . . . .	—	—	—	—	5.0%	5.0%
Years of ultimate rate . . . . .	—	—	—	—	2017	2012

The discount rate is determined based on high-quality fixed income investments that match the duration of expected benefit payments. The discount rate used to determine the present value of our future U.S. pension obligations is based on a yield curve constructed from a portfolio of high quality corporate debt securities with various maturities. Each year's expected future benefit payments are discounted to their present value at the appropriate yield curve rate, thereby generating the overall discount rate for U.S. pension obligations. The discount rates for our foreign pension plans are selected by using a yield curve approach or by reference to high quality corporate bond rates in those countries that have developed corporate bond markets. In those countries where developed corporate bond markets do not exist, the discount rates are selected by reference to local government bond rates with a premium added to reflect the additional risk for corporate bonds. The expected return on plan assets noted above represents a forward projection of the average rate of earnings expected on

## Molex Incorporated

## Notes to Consolidated Financial Statements — (Continued)

the pension assets. We estimated this rate based on historical returns of similarly diversified portfolios. The rate of compensation increase represents the long-term assumption for expected increases to salaries for pay-related plans.

*Net Periodic Benefit Cost*

The components of net periodic benefit cost for our plans consist of the following for the years ended June 30 (in thousands):

	U.S. Pension Benefits			Non-U.S. Pension Benefits			Postretirement Medical Benefits		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Service cost . . . . .	\$ 2,404	\$ 3,380	\$ 2,687	\$ 5,872	\$ 5,783	\$ 5,531	\$ 1,741	\$2,923	\$2,329
Interest cost . . . . .	3,612	3,683	2,962	4,319	4,222	3,700	2,883	3,106	2,629
Expected return on plan assets . . . . .	(4,789)	(4,652)	(3,939)	(3,345)	(4,306)	(2,901)	—	—	—
Amortization of prior service cost . . . . .	4	4	4	257	232	218	(1,354)	(667)	(676)
Amortization of unrecognized transition obligation . . . . .	—	—	—	40	43	40	—	—	—
Recognized actuarial losses . . . . .	—	—	—	647	362	176	818	1,257	1,102
Curtailment / settlement loss (gain) . . . . .	158	(2,356)	(12)	3,606	(3,209)	—	(3,702)	132	278
Net periodic benefit cost . . . . .	<u>\$ 1,389</u>	<u>\$ 59</u>	<u>\$ 1,702</u>	<u>\$11,396</u>	<u>\$ 3,127</u>	<u>\$ 6,764</u>	<u>\$ 386</u>	<u>\$6,751</u>	<u>\$5,662</u>

The amount of accumulated other comprehensive income that was reclassified as a component of net period benefit cost in fiscal 2009 was \$0.4 million. The amount in accumulated other comprehensive income that is expected to be recognized as a component of net periodic benefit cost in fiscal 2010 is \$1.5 million.

*Plan Assets*

Our overall investment strategy for the assets in the pension funds is to achieve a balance between the goals of growing plan assets and keeping risks at a reasonable level over a long-term investment horizon. In order to reduce unnecessary risk, the pension funds are diversified across several asset classes with a focus on total return. The weighted-average asset allocations for our pension plans at June 30 are as follows:

Asset category:	2009		2008	
	U.S. Plan Assets	Non-U.S. Plan Assets	U.S. Plan Assets	Non-U.S. Plan Assets
Equity . . . . .	65%	58%	65%	64%
Bonds . . . . .	35%	29%	35%	19%
Other . . . . .	—	13%	—	17%

**Molex Incorporated****Notes to Consolidated Financial Statements — (Continued)***Funding Expectations*

Expected funding for the U.S. pension plan and other postretirement benefit plans for fiscal 2010 is approximately \$3.0 million and \$1.5 million, respectively. Expected funding for the non-U.S. plans during fiscal 2010 is approximately \$12.3 million.

*Estimated Future Benefit Payments*

The total benefits to be paid from the U.S. and non-U.S. pension plans and other postretirement benefit plans are not expected to exceed \$13.0 million in any year through 2019.

*Curtailments*

In fiscal 2009, we recognized a \$1.6 million reduction in cost of sales and a \$2.1 million reduction in selling, general and administrative expense due mainly to a curtailment adjustment in our postretirement benefit plan as a result of reducing the number of employees eligible for retiree medical coverage. Separately, we also recognized in fiscal 2009 \$3.8 million in restructuring costs resulting from curtailment and settlement adjustments for the early termination of participants in connection with the ongoing restructuring plan.

In fiscal 2008, we recognized a \$2.3 million reduction in selling, general and administrative expense due to a curtailment adjustment. The curtailment adjustment resulted from the freezing of benefits in a defined benefit plan after the participants transferred to another plan without credit for prior service. Separately, we also recognized in fiscal 2008 a \$3.1 million reduction in restructuring costs resulting from a curtailment adjustment for the early termination of participants in connection with the ongoing restructuring plan.

**12. Debt**

We had available lines of credit totaling \$282.5 million at June 30, 2009 expiring between 2009 and 2013. On June 25, 2009, we entered into a \$195.0 million committed, unsecured, three-year revolving credit facility that matures in June 2012. Borrowings under our credit facility bear interest at a fluctuating interest rate (based on London InterBank Offered Rate) plus an applicable percentage based on our consolidated leverage. The applicable percentage was 250 basis points as of June 30, 2009. The credit facility includes an accordion feature allowing us to increase the balance of the credit line by an amount not to exceed \$75.0 million upon satisfaction of certain conditions. The instrument governing our credit facility contains customary covenants regarding liens, debt, substantial asset sales and mergers, dividends and investments. Our credit facility also requires us to maintain financial covenants pertaining to, among other things, our consolidated leverage, fixed charge coverage and liquidity. As of June 30, 2009, we were in compliance with all of these covenants.

The current portion of our long-term debt as of June 30, 2009 consists principally of three unsecured term loans approximating 20 billion Japanese yen (\$208.0 million) due in September 2009, with weighted-average fixed interest rates approximating 1.3%. We plan to refinance the term upon their expiration in September 2009. Our long-term debt approximates \$30.3 million, including an outstanding balance of \$25.0 million on the credit facility at June 30, 2009. Our remaining long-term debt generally consists of mortgages and industrial development bonds with interest rates ranging from 5.9% to 7.8% and maturing through 2013. Certain assets, including land, buildings and equipment, secure our long-term debt. Principal payments on long-term debt obligations, including interest, are due as follows: fiscal 2010, \$208.9 million; fiscal 2011, \$4.0 million; fiscal 2012, \$25.6 million; fiscal 2013, \$0.6 million; and thereafter less than \$0.1 million.

## Molex Incorporated

## Notes to Consolidated Financial Statements — (Continued)

**13. Operating Leases**

We rent certain facilities and equipment under operating lease arrangements. Some of the leases have renewal options. Future minimum lease payments are presented below (in thousands):

Year ending June 30:

2010.....	\$12,367
2011.....	6,531
2012.....	4,714
2013.....	3,049
2014.....	1,896
2015 and thereafter .....	<u>5,091</u>
Total lease payments .....	<u>\$33,648</u>

Rental expense was \$10.6 million, \$10.9 million and \$10.4 million in fiscal 2009, 2008 and 2007, respectively.

**14. Fair Value Measurements**

Effective July 1, 2008, we adopted Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS 157) for financial assets and liabilities recognized or disclosed on a recurring basis. The purpose of SFAS 157 is to define fair value, establish a framework for measuring fair value, and enhance disclosures about fair value measurements. The adoption of this statement had no effect on our consolidated financial statements and resulted only in increased disclosures.

In accordance with SFAS 157, fair value measurements are classified under the following hierarchy:

- Level 1: Observable inputs such as quoted prices for identical assets or liabilities in active markets.
- Level 2: Observable inputs other than quoted prices substantiated by market data and observable, either directly or indirectly for the asset or liability. This includes quoted prices for similar assets or liabilities in active markets.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

The following table summarizes our financial assets and liabilities which are measured at fair value on a recurring basis and subject to the disclosure requirements of SFAS 157 as of June 30, 2009 (in thousands):

	Total Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Available for sale and trading securities .....	\$52,401	\$52,401	\$ —	\$—
Derivative financial instruments, net .....	<u>2,601</u>	<u>—</u>	<u>2,601</u>	<u>—</u>
Total .....	<u>\$55,002</u>	<u>\$52,401</u>	<u>\$2,601</u>	<u>\$—</u>

We determine the fair value of our available for sale securities based on quoted market prices (Level 1). We generally use derivatives for hedging purposes pursuant to SFAS No. 133 and

## Molex Incorporated

## Notes to Consolidated Financial Statements — (Continued)

SFAS No. 149, which are valued based on Level 2 inputs in the SFAS 157 fair value hierarchy. The fair value of our financial instruments is determined by a mark to market valuation based on forward curves using observable market prices.

**15. Capital Stock**

The shares of Common Stock, Class A Common Stock and Class B Common Stock are identical except as to voting rights. Class A Common Stock has no voting rights except in limited circumstances. So long as more than 50% of the authorized number of shares of Class B Common Stock continues to be outstanding, all matters submitted to a vote of the stockholders, other than the election of directors, must be approved by a majority of the Class B Common Stock, voting as a class, and by a majority of the Common Stock, voting as a class. During such period, holders of a majority of the Class B Common Stock could veto corporate action, other than the election of directors, which requires stockholder approval. There are 25 million shares of preferred stock authorized, none of which were issued or outstanding during the three years ended June 30, 2009.

The Class B Common Stock can be converted into Common Stock on a share-for-share basis at any time at the option of the holder. The authorized Class A Common Stock would automatically convert into Common Stock on a share-for-share basis at the discretion of the Board of Directors upon the occurrence of certain events. Upon such conversion, the voting interests of the holders of Common Stock and Class B Common Stock would be diluted. Our Class B Common Stock outstanding has remained at 94,255 shares during the three years ended June 30, 2009.

The holders of the Common Stock, Class A Common Stock and Class B Common Stock participate equally, share-for-share, in any dividends that may be paid thereon if, as and when declared by the Board of Directors or in any assets available upon our liquidation or dissolution.

Changes in common stock for the years ended June 30 are as follows (in thousands):

	Common Stock		Class A Common Stock		Treasury Stock	
	Shares	Amount	Shares	Amount	Shares	Amount
Outstanding at June 30, 2006 . . . .	111,297	\$5,565	106,598	\$5,330	34,384	\$ 743,219
Exercise of stock options . . . . .	426	21	1,890	95	705	21,801
Purchase of treasury stock . . . . .	—	—	—	—	1,248	34,889
Issuance of stock awards . . . . .	—	—	25	1	—	—
Other . . . . .	7	1	49	2	—	(15)
Outstanding at June 30, 2007 . . . .	111,730	\$5,587	108,562	\$5,428	36,337	\$ 799,894
Exercise of stock options . . . . .	457	23	1,210	60	376	9,543
Purchase of treasury stock . . . . .	—	—	—	—	7,979	199,584
Issuance of stock awards . . . . .	—	—	10	1	—	—
Other . . . . .	8	—	59	3	—	—
Outstanding at June 30, 2008 . . . .	112,195	\$5,610	109,841	\$5,492	44,692	\$1,009,021
Exercise of stock options . . . . .	—	—	539	27	234	3,959
Purchase of treasury stock . . . . .	—	—	—	—	4,507	76,342
Issuance of stock awards . . . . .	—	—	7	—	—	—
Other . . . . .	9	—	81	4	—	—
Outstanding at June 30, 2009 . . . .	<u>112,204</u>	<u>\$5,610</u>	<u>110,468</u>	<u>\$5,523</u>	<u>49,433</u>	<u>\$1,089,322</u>

## Molex Incorporated

## Notes to Consolidated Financial Statements — (Continued)

**16. Accumulated Other Comprehensive Income**

The components of accumulated other comprehensive income are as follows (in thousands):

	2009	2008
Foreign currency translation adjustments . . . . .	\$222,183	\$335,793
Non-current deferred tax asset . . . . .	12,734	8,637
Accumulated transition obligation . . . . .	(167)	(224)
Accumulated prior service credit . . . . .	9,912	3,064
Accumulated actuarial net loss . . . . .	(61,899)	(29,269)
Unrealized gains on investments . . . . .	535	2,614
Total . . . . .	<u>\$183,298</u>	<u>\$320,615</u>

**17. Stock Incentive Plans**

Share-based compensation is comprised of expense related to stock options and stock awards. Share-based compensation cost was \$26.5 million, \$24.2 million and \$27.5 million for fiscal 2009, 2008 and 2007, respectively. The income tax benefits related to share-based compensation were \$9.7 million, \$8.5 million and \$9.6 million for fiscal 2009, 2008 and 2007, respectively.

*Stock Options*

For fiscal 2009, stock options that we grant to employees who are not executive officers ("non-officer employees") are options to purchase Class A Common Stock at an exercise price that is 100% of the fair market value of the stock on the grant date. These grants generally vest 25% per year beginning the first anniversary date of the grant with a term of 10 years. Stock options to U.S.-based non-officer employees are automatically exercised on the vesting date.

Prior to fiscal 2009, stock options granted to non-officer employees were options to purchase Class A Common Stock at an exercise price that is generally 50% of the fair market value of the stock on the grant date. These grants generally vest 25% per year beginning the first anniversary date of the grant with a term of five years. Discounted stock options to U.S.-based non-officer employees are automatically exercised on the vesting date.

The stock options that are approved for grant to executive officers and directors are generally options to purchase Class A Common Stock at an exercise price that is 100% of the fair market value of the stock on the grant date. These grants generally vest 25% per year beginning the first anniversary date of the award with a term of 10 years. The total number of shares authorized for stock option grants to employees, executive officers and directors is 30.0 million.



## Molex Incorporated

## Notes to Consolidated Financial Statements — (Continued)

Stock option transactions are summarized as follows (exercise price represents a weighted-average, shares in thousands):

	Shares	Exercise Price
Outstanding at June 30, 2006 . . . . .	10,420	\$20.02
Granted . . . . .	2,264	20.65
Exercised . . . . .	(2,122)	17.46
Forfeited or expired . . . . .	(343)	21.93
Outstanding at June 30, 2007 . . . . .	10,219	\$20.98
Granted . . . . .	1,728	17.63
Exercised . . . . .	(1,433)	15.91
Forfeited or expired . . . . .	(1,111)	27.81
Outstanding at June 30, 2008 . . . . .	9,403	\$20.38
Granted . . . . .	2,573	17.95
Exercised . . . . .	(343)	12.27
Forfeited or expired . . . . .	(815)	23.32
Outstanding at June 30, 2009 . . . . .	<u>10,818</u>	\$19.83
Exercisable at June 30, 2009 . . . . .	<u>4,436</u>	\$23.32

At June 30, 2009, exercisable options had an aggregate intrinsic value of \$1.0 million with a weighted-average remaining contractual life of 1.6 years. In addition, there were 6.1 million options expected to vest, after consideration of expected forfeitures, with an aggregate intrinsic value of \$4.9 million. Total options outstanding had an aggregate intrinsic value of \$6.2 million with a weighted-average remaining contractual life of 3.5 years. The total intrinsic value of options exercised during fiscal 2009, 2008 and 2007 was \$1.7 million, \$14.5 million and \$10.6 million, respectively.

We use the Black-Scholes option-pricing model to estimate the fair value of each option grant as of the date of grant. Expected volatilities are based on historical volatility of our common stock. We estimate the expected life of the option using historical data pertaining to option exercises and employee terminations. Separate groups of employees that have similar historical exercise behavior are considered separately for estimating the expected life. The risk-free interest rate is based on U.S. Treasury yields in effect at the time of grant. The estimated weighted-average fair values of and related assumptions for options granted were as follows:

	2009	2008	2007
Weighted-average fair value of options granted:			
At market value of underlying stock . . . . .	\$ 3.91	\$ 6.22	\$ 9.82
At less than market value of underlying stock . . . . .	\$10.73	\$11.36	\$14.68
Assumptions:			
Dividend yield . . . . .	3.61%	1.95%	1.06%
Expected volatility . . . . .	32.33%	27.44%	28.44%
Risk-free interest rate . . . . .	2.53%	3.55%	4.79%
Expected life of option (years) . . . . .	5.37	4.14	3.94

As of June 30, 2009, there were options outstanding to purchase 0.1 million shares of Common Stock and 10.7 million shares of Class A Common Stock.

**Molex Incorporated**  
**Notes to Consolidated Financial Statements — (Continued)**

*Stock Awards*

Stock awards are generally comprised of stock units that are convertible into shares of Class A Common Stock. Generally, these grants vest 25% per year over four years beginning the first anniversary date of the award. Stock awards transactions are summarized as follows (shares in thousands):

	Shares	Fair Market Value
Nonvested shares at June 30, 2006	500	\$24.33
Granted	271	29.51
Vested	(168)	23.57
Forfeited	(62)	25.05
Nonvested shares at June 30, 2007	541	\$27.08
Granted	295	22.82
Vested	(233)	26.47
Forfeited	(32)	26.80
Nonvested shares at June 30, 2008	571	\$25.14
Granted	944	19.48
Vested	(196)	25.26
Forfeited	(23)	23.38
Nonvested shares at June 30, 2009	<u>1,296</u>	\$21.03

As of June 30, 2009, there was \$18.6 million of total unrecognized compensation cost related to the above nonvested stock awards. We expect to recognize the cost of these stock awards over a weighted-average period of 2.5 years. The total fair value of shares vested during fiscal 2009, 2008 and 2007 was \$5.0 million, \$6.2 million and \$4.7 million, respectively.

*Directors' Deferred Compensation Plan*

Our non-employee directors are eligible to participate in a deferred compensation plan under which they may elect on a yearly basis to defer all or a portion of the following year's compensation. A participant may elect to have the deferred amount (a) accrue interest during each calendar quarter at a rate equal to the average six month Treasury Bill rate in effect at the beginning of each calendar quarter, or (b) credited as stock "units" whereby each unit is equal to one share of Common Stock. The cumulative amount that is deferred for each participating director is subject to the claims of our general creditors.

If a non-employee director elects to have his or her compensation deferred as stock units, the compensation earned for a given quarter is converted to stock units at the closing price of common stock on the date the compensation would otherwise be paid. Stock units are distributed in shares of common stock.

**18. Segment and Related Information**

During fiscal 2009, we reorganized our operations, which changed the configuration of our reportable segments into the Connector and Custom & Electrical segments. Our former Transportation segment was operationally merged into the Connector segment under the direction of one global

## Molex Incorporated

## Notes to Consolidated Financial Statements — (Continued)

Executive Vice President. Our reportable segments are an aggregation of three operating segments. Prior year segment disclosures have been restated to reflect this organizational change.

- The Connector segment designs and manufactures products for high-speed, high-density, high signal-integrity applications as well as fine-pitch, low-profile connectors for the consumer and commercial markets. It also designs and manufactures products that withstand environments such as heat, cold, dust, dirt, liquid and vibration for automotive and other transportation applications.
- The Custom & Electrical segment designs and manufactures integrated and customizable electronic components across all industries that provide original, differentiated solutions to customer requirements. It also leverages expertise in the use of signal, power and interface technology in industrial automation and other harsh environment applications.

Information by segment for the years ended June 30 is summarized as follows (in thousands):

	Connector	Custom & Electrical	Corporate & Other	Total
2009:				
Revenues from external customers . . . . .	\$1,789,139	\$ 790,601	\$ 2,101	\$2,581,841
Income (loss) from operations(1) . . . . .	(125,604)	(152,443)	(68,149)	(346,196)
Depreciation & amortization . . . . .	201,303	33,283	17,316	251,902
Capital expenditures . . . . .	144,176	18,613	15,153	177,942
2008:				
Revenues from external customers . . . . .	\$2,377,584	\$ 941,365	\$ 9,398	\$3,328,347
Income (loss) from operations . . . . .	317,596	94,076	(93,722)	317,950
Depreciation & amortization . . . . .	201,677	35,495	15,172	252,344
Capital expenditures . . . . .	180,889	22,705	31,032	234,626
2007:				
Revenues from external customers . . . . .	\$2,357,688	\$ 892,756	\$ 15,430	\$3,265,874
Income (loss) from operations . . . . .	361,834	52,898	(93,182)	321,550
Depreciation & amortization . . . . .	178,613	41,197	18,102	237,912
Capital expenditures . . . . .	242,476	34,100	20,285	296,861

(1) Fiscal 2009 operating results include the following charges (in thousands):

	Connector	Custom & Electrical	Corporate & Other	Total
Restructuring costs and asset impairments . . . . .	\$93,876	\$ 23,012	\$18,343	\$135,231
Goodwill impairments . . . . .	93,140	171,000	—	264,140
Intangible asset impairments . . . . .	—	16,300	—	16,300

Corporate & Other includes expenses primarily related to corporate operations that are not allocated to segments such as executive management, human resources, legal, finance and information technology. We also include in Corporate & Other the assets of certain plants that are not specific to a particular division.

## Molex Incorporated

## Notes to Consolidated Financial Statements — (Continued)

Customer revenue and net property, plant and equipment by significant foreign country are summarized as follows (in thousands):

	2009	2008	2007
Customer revenue:			
United States . . . . .	\$535,079	\$888,941	\$896,625
Japan . . . . .	444,043	517,087	484,613
China . . . . .	613,743	735,657	717,735
Net property, plant and equipment:			
United States . . . . .	\$274,840	\$296,843	\$313,109
Japan . . . . .	272,753	299,447	280,246
China . . . . .	233,487	231,764	188,670

Segment assets, which are comprised of accounts receivable, inventory and fixed assets, are summarized as follows for the years ended June 30 (in thousands):

	Connector	Custom & Electrical	Corporate & Other	Total
2009 . . . . .	\$1,388,110	\$390,906	\$184,645	\$1,963,661
2008 . . . . .	1,706,575	500,197	164,745	2,371,517

The reconciliation of segment assets to consolidated total assets is as follows (in thousands):

	June 30, 2009	June 30, 2008
Segment assets . . . . .	\$1,963,661	\$2,371,517
Other current assets . . . . .	564,329	583,838
Other non current assets . . . . .	414,167	644,182
Consolidated total assets . . . . .	<u>\$2,942,157</u>	<u>\$3,599,537</u>

### 19. Quarterly Financial Information (Unaudited)

The following is a condensed summary of our unaudited quarterly results of operations and quarterly earnings per share data for fiscal 2009 (in thousands, except per share data):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net revenue . . . . .	\$838,985	\$666,728	\$505,539	\$ 570,589
Gross profit . . . . .	249,472	176,072	93,396	137,237
Net income (loss) . . . . .	44,297	(87,244)	(58,600)	(219,740)
Basic earnings (loss) per share . . . . .	0.25	(0.50)	(0.34)	(1.27)
Diluted earnings (loss) per share . . . . .	0.25	(0.50)	(0.34)	(1.27)

## Molex Incorporated

## Notes to Consolidated Financial Statements — (Continued)

The following is a condensed summary of our unaudited quarterly results of operations and quarterly earnings per share data for fiscal 2008 (in thousands, except per share data):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net revenue .....	\$792,610	\$841,560	\$822,285	\$871,892
Gross profit .....	236,150	253,115	254,461	270,509
Net income .....	53,304	59,216	50,306	52,611
Basic earnings per share .....	0.29	0.33	0.28	0.30
Diluted earnings per share .....	0.29	0.33	0.28	0.29

During fiscal 2009, 2008 and 2007, we recognized restructuring expenses related to our restructuring plan, goodwill impairment charges and asset impairment charges (see Notes 5, 8 and 9) and during fiscal 2008 we recognized adjustments to foreign tax credits (see Note 10). The table below summarizes the impact on net income of these items on each of the quarters during fiscal 2009, 2008 and 2007 (in thousands):

	Restructuring Costs and Asset Impairments	Goodwill Impairment	Foreign Tax Credits
Fiscal 2009:			
First quarter .....	\$15,666	\$ —	\$ —
Second quarter .....	29,899	93,140	—
Third quarter .....	34,009	—	—
Fourth quarter .....	32,224	171,000	—
Fiscal 2008:			
First quarter .....	\$ 1,476	\$ —	\$ —
Second quarter .....	4,716	—	—
Third quarter .....	4,902	—	6,344
Fourth quarter .....	9,894	—	10,871

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM*****The Board of Directors and Stockholders of Molex Incorporated***

We have audited the accompanying consolidated balance sheets of Molex Incorporated as of June 30, 2009 and 2008, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended June 30, 2009. Our audits also included the financial statement schedule listed in the Index of Part IV, Item 15. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Molex Incorporated at June 30, 2009 and 2008, and the consolidated results of its operations and its cash flows for each of the three years in the period ended June 30, 2009, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Molex Incorporated's internal control over financial reporting as of June 30, 2009, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 4, 2009 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Chicago, Illinois  
August 4, 2009

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM*****The Board of Directors and Stockholders of Molex Incorporated***

We have audited Molex Incorporated's internal control over financial reporting as of June 30, 2009, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Molex Incorporated's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Molex Incorporated maintained, in all material respects, effective internal control over financial reporting as of June 30, 2009, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Molex Incorporated as of June 30, 2009 and 2008, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended June 30, 2009 of Molex Incorporated and our report dated August 4, 2009 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Chicago, Illinois  
August 4, 2009

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None

**Item 9A. Controls and Procedures**

Attached as exhibits to this Form 10-K are certifications of our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), which are required in accordance with Rule 13a-14 under the Securities Exchange Act of 1934, as amended (the Exchange Act). This “Controls and Procedures” section includes information concerning the controls and controls evaluation referred to in the certifications. Immediately preceding Part II, Item 9 of this Form 10-K is the report of Ernst & Young LLP, our independent registered public accounting firm, regarding its audit of our internal control over financial reporting and of management’s assessment of internal control over financial reporting set forth below in this section. This section should be read in conjunction with the certifications and the Ernst & Young report for a more complete understanding of the topics presented.

**Evaluation of Disclosure Controls and Procedures**

Management conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (Disclosure Controls) as of the end of the period covered by this Form 10-K. The controls evaluation was conducted under the supervision and with the participation of management, including our CEO and CFO. Disclosure Controls are controls and procedures designed to reasonably assure that information required to be disclosed in our reports filed under the Exchange Act, such as this Form 10-K, is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure Controls are also designed to reasonably assure that such information is accumulated and communicated to management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. Our quarterly evaluation of Disclosure Controls includes an evaluation of some components of our internal control over financial reporting, and internal control over financial reporting is also separately evaluated on an annual basis for purposes of providing the management report, which is set forth below.

The evaluation of our Disclosure Controls included a review of the controls’ objectives and design, our implementation of the controls and the effect of the controls on the information generated for use in this Form 10-K. In the course of the controls evaluation, management reviews identified data errors, control problems or acts of fraud, if any, and seeks to confirm that appropriate corrective actions, including process improvements, were being undertaken. This type of evaluation is performed on a quarterly basis so that the conclusions of management, including the CEO and CFO, concerning the effectiveness of the Disclosure Controls can be reported in our periodic reports on Form 10-Q and Form 10-K. Many of the components of our Disclosure Controls are also evaluated on an ongoing basis by our Internal Audit department and by other personnel in the Finance organization. The overall goals of these various evaluation activities are to monitor our Disclosure Controls, and to modify them as necessary. Our intent is to maintain the Disclosure Controls as dynamic systems that change as conditions warrant.

Based upon the controls evaluation, our CEO and CFO have concluded that, as of the end of the period covered by this report, our Disclosure Controls were effective to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified by the SEC, and that material information relating to us and our consolidated subsidiaries is made known to management, including the CEO and CFO, during the period when our periodic reports are being prepared.

**Management’s Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining an adequate system of internal control over financial reporting as required by the Sarbanes-Oxley Act of 2002 and as defined in



Exchange Act Rule 13a-15(f). A control system can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Our management assessed the effectiveness of our internal control over financial reporting as of June 30, 2009. Under management's supervision, an evaluation of the design and effectiveness of our internal control over financial reporting was conducted based on the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, management concluded that our internal control over financial reporting was effective as of June 30, 2009.

### **Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting that occurred during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### **Inherent Limitations on Effectiveness of Controls**

Our management, including the CEO and CFO, do not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

### **Item 9B. Other Information**

None.

## **PART III**

### **Item 10. Directors, Executive Officers and Corporate Governance**

#### **Code of Business Conduct and Ethics**

We have adopted a Code of Business Conduct and Ethics applicable to all employees, officers and directors. The Code of Business Conduct incorporates our policies and guidelines designed to deter wrongdoing and to promote honest and ethical conduct and compliance with applicable laws and regulations. We have also adopted a Code of Ethics for Senior Financial Management applicable to our chief executive officer, chief financial officer, chief accounting officer and other senior financial managers. The Code of Ethics sets out our expectations that financial management produce full, fair, accurate, timely and understandable disclosure in our filings with the SEC and other public communications. Molex intends to post any amendments to or waivers from the Codes on its web site.

The full text of these Codes is published on the investor relations page of our web site at [www.molex.com](http://www.molex.com).

The information under the captions “Item 1 — Election of Directors,” “Board Independence” “Board and Committee Information,” “Corporate Governance Principles,” and “Section 16(a) Beneficial Ownership Reporting Compliance” in our 2009 Proxy Statement for the Annual Meeting of Stockholders to be held on October 30, 2009 (“2009 Proxy Statement”) is incorporated herein by reference. The information called for by Item 401 of Regulation S-K relating to the Executive Officers is furnished in Part I, Item 1 of this Form 10-K and is also incorporated herein by reference in this section.

### Item 11. Executive Compensation

The information under the captions “Compensation Discussion and Analysis,” “Report of the Compensation Committee” and “Executive Compensation” in our 2009 Proxy Statement is incorporated herein by reference.

### Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information under the captions “Security Ownership of Directors and Executive Officers” and “Security Ownership of More than 5% Shareholders” in our 2009 Proxy Statement is incorporated herein by reference.

We currently maintain equity compensation plans that provide for the issuance of Molex stock to directors, executive officers and other employees. The following table sets forth information regarding outstanding options and shares available for future issuance under these plans as of June 30, 2009.

Plan Category	(a) Number of shares to be issued upon exercise of outstanding options		(b) Weighted-average exercise price of outstanding options		(c) Number of securities remaining available for future issuance under equity compensation plans (excluding shares reflected in column (a))	
	Common Stock	Class A Stock	Common Stock	Class A Stock	Common Stock	Class A Stock
Equity compensation plans approved by stockholders .....	106,250	12,007,451	\$27.55	\$17.62	—	10,098,583
Equity compensation plans not approved by stockholders .....	—	—	—	—	—	—

### Item 13. Certain Relationships and Related Transactions, and Director Independence

The information under the captions “Corporate Governance — Board Independence,” and “Transactions with Related Persons,” in our 2009 Proxy Statement is incorporated herein by reference.

### Item 14. Principal Accountant Fees and Services

The information under the captions “Independent Auditor’s Fees” and “Policy on Audit Committee Pre-Approval of Services” in our 2009 Proxy Statement is incorporated herein by reference.

**PART IV****Item 15. Exhibits and Financial Statement Schedules**

1. Financial Statements: See Item 8.
2. Financial Statement Schedule: See Schedule II — Valuation and Qualifying Accounts.

All other schedules are omitted because they are inapplicable, not required under the instructions, or the information is included in the consolidated financial statements or notes thereto.

Separate financial statements for the Company's unconsolidated affiliated companies, accounted for by the equity method, have been omitted because they do not constitute significant subsidiaries.

3. Exhibits: Exhibits listed on the accompanying Index to Exhibits are filed or incorporated herein as part of this annual report on Form 10-K.

**Molex Incorporated**  
**Schedule II — Valuation and Qualifying Accounts**  
**For the Years Ended June 30, 2009, 2008, and 2007**  
(in thousands)

	Balance at Beginning of Period	Charges to Income	Write-Offs	Other/ Currency Translation	Balance at End of Period
<b>Receivable Reserves:</b>					
Year ended 2009.....	\$40,243	\$83,696	\$(89,794)	\$(1,552)	\$32,593
Year ended 2008.....	\$31,064	\$69,020	\$(62,520)	\$ 2,679	\$40,243
Year ended 2007.....	\$26,513	\$71,245	\$(67,422)	\$ 728	\$31,064
<b>Inventory Reserves:</b>					
Year ended 2009:					
Slow and Excess .....	\$39,395	\$21,607	\$(21,492)	\$(1,329)	\$38,181
Blocked Stock .....	1,063	272	—	(135)	1,200
Other .....	<u>2,344</u>	<u>(364)</u>	<u>—</u>	<u>(309)</u>	<u>1,671</u>
Total .....	\$42,802	\$21,515	\$(21,492)	\$(1,773)	\$41,052
Year ended 2008:					
Slow and Excess .....	\$39,956	\$15,453	\$(16,946)	\$ 932	\$39,395
Blocked Stock .....	835	251	—	(23)	1,063
Other .....	<u>1,936</u>	<u>237</u>	<u>—</u>	<u>171</u>	<u>2,344</u>
Total .....	\$42,727	\$15,941	\$(16,946)	\$ 1,080	\$42,802
Year ended 2007:					
Slow and Excess .....	\$30,309	\$23,607	\$(20,983)	\$ 7,023	\$39,956
Blocked Stock .....	936	94	—	(195)	835
Other .....	<u>2,689</u>	<u>(299)</u>	<u>—</u>	<u>(454)</u>	<u>1,936</u>
Total .....	\$33,934	\$23,402	\$(20,983)	\$ 6,374	\$42,727
<b>Deferred tax asset valuation allowance:</b>					
Year ended 2009.....	\$38,289	\$39,110	\$ —	\$ —	\$77,399
Year ended 2008.....	\$39,366	\$ —	\$ (1,077)	\$ —	\$38,289
Year ended 2007.....	\$33,920	\$ 1,308	\$ —	4,138	\$39,366

## Molex Incorporated

## Index of Exhibits

<u>Exhibit Number</u>	<u>Description</u>	<u>Location</u>
3.1	Certificate of Incorporation (as amended and restated)	Incorporated by reference to Exhibit 3.1 to our annual report on Form 10-K for the year ended June 30, 2000. (File No. 000-07491)
3.2	By-laws (as amended and restated)	Incorporated by reference to Exhibit 3.1(ii) to our Form 8-K filed on November 19, 2007. (File No. 000-07491)
4	Instruments defining rights of security holders	See Exhibit 3.1
10.1	Foreign Service Employees Policies and Procedures	Incorporated by reference to Exhibit 10.15 to our quarterly report on Form 10-Q for the period ended March 31, 2005. (File No. 000-07491)
10.2	Employment Offer Letter to David D. Johnson	Incorporated by reference to Exhibit 10.18 to our quarterly report on Form 10-Q for the period ended March 31, 2005. (File No. 000-07491)
10.3	Deferred Compensation Agreement between Molex and Frederick A. Krehbiel	Incorporated by reference to Exhibit 10.12 to our quarterly report on Form 10-Q for the period ended March 31, 2005. (File No. 000-07491)
10.4	Deferred Compensation Agreement between Molex and John H. Krehbiel, Jr.	Incorporated by reference to Exhibit 10.13 to our quarterly report on Form 10-Q for the period ended March 31, 2005. (File No. 000-07491)
10.5	2005 Molex Supplemental Executive Retirement Plan	Incorporated by reference to Exhibit 10.5 to our annual report on Form 10-K for the year ended June 30, 2008. (File No. 000-07491)
10.6	Molex Executive Deferred Compensation Plan	Incorporated by reference to Exhibit 10.6 to our annual report on Form 10-K for the year ended June 30, 2008. (File No. 000-07491)
10.7	Summary of Non-Employee Director Compensation	Incorporated by reference to Exhibit 10.7 to our annual report on Form 10-K for the year ended June 30, 2008. (File No. 000-07491)
10.8	Molex Outside Directors' Deferred Compensation Plan	Incorporated by reference to Exhibit 99.1 to our Form 8-K filed on August 1, 2006. (File No. 000-07491)
10.9	2000 Molex Long-Term Stock Plan, as amended and restated	Incorporated by reference to Appendix V to our 2007 Proxy Statement. (File No. 000-07491)
10.10	Form of Stock Option Agreement under the 2000 Molex Long-Term Stock Plan	Incorporated by reference to Exhibit 10.10 to our annual report on Form 10-K for the year ended June 30, 2008. (File No. 000-07491)
10.11	Form of Restricted Stock Agreement under the 2000 Molex Long-Term Stock Plan	Incorporated by reference to Exhibit 10.11 to our annual report on Form 10-K for the year ended June 30, 2008. (File No. 000-07491)
10.12	2005 Molex Incentive Stock Option Plan, as amended and restated	Incorporated by reference to Appendix VI to our 2007 Proxy Statement. (File No. 000-07491)
10.13	Form of Stock Option Agreement under the 2005 Molex Incentive Stock Option Plan	Incorporated by reference to Exhibit 10.12 to our Form 10-K for the period ended June 30, 2007. (File No. 000-07491)
10.14	Molex Incorporated Annual Incentive Plan	Incorporated by reference to Appendix III to our 2008 Proxy Statement. (File No. 000-07491)
10.15	2008 Molex Stock Incentive Plan	Incorporated by reference to Appendix IV to our 2008 Proxy Statement. (File No. 000-07491)
10.16	Separation Agreement between David B. Root and Molex Incorporated dated April 6, 2009.	Incorporated by reference to Exhibit 10.1 to our Form 8-K filed on April 9, 2009. (File No. 000-07491)

<u>Exhibit Number</u>	<u>Description</u>	<u>Location</u>
10.17	Credit Agreement dated June 24, 2009 among Molex Incorporated, the Lenders named therein, J.P. Morgan Chase Bank, N.A. as Administrative Agent, Standard Charter Bank as Syndication Agent, The Northern Trust Company as Documentation Agent	Incorporated by reference to Exhibit 10.1 to our Form 8-K filed on June 30, 2009. (File No. 000-07491)
21	Subsidiaries of the Company	Filed herewith
23	Consent of Ernst & Young, LLP	Filed herewith
31.1	Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.1	Certification by the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith
32.2	Certification by the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith

(All other exhibits are either inapplicable or not required.)

### Signatures

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Company has duly caused this Annual Report to be signed on its behalf by the undersigned, there unto duly authorized.

MOLEX INCORPORATED  
(Company)

By: /s/ DAVID D. JOHNSON

David D. Johnson  
Executive Vice President, Treasurer and Chief  
Financial Officer (Principal Financial Officer)

August 4, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

August 4, 2009	Co-Chairman of the Board	<u>/s/ FREDERICK A. KREHBIEL</u> Frederick A. Krehbiel
August 4, 2009	Co-Chairman of the Board	<u>/s/ JOHN H. KREHBIEL, JR.</u> John H. Krehbiel, Jr.
August 4, 2009	Vice Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	<u>/s/ MARTIN P. SLARK</u> Martin P. Slark
August 4, 2009	Executive Vice President, Treasurer and Chief Financial Officer (Principal Financial Officer)	<u>/s/ DAVID D. JOHNSON</u> David D. Johnson
August 4, 2009	Vice President, Corporate Controller and Chief Accounting Officer (Principal Accounting Officer)	<u>/s/ K. TRAVIS GEORGE</u> K. Travis George
August 4, 2009	Director	<u>/s/ FRED L. KREHBIEL</u> Fred L. Krehbiel
August 4, 2009	Director	<u>/s/ MICHAEL J. BIRCK</u> Michael J. Birck
August 4, 2009	Director	<u>/s/ MICHELLE L. COLLINS</u> Michelle L. Collins
August 4, 2009	Director	<u>/s/ EDGAR D. JANNOTTA</u> Edgar D. Jannotta

August 4, 2009	Director	<u>/s/ DAVID L. LANDSITTEL</u> David L. Landsittel
August 4, 2009	Director	<u>/s/ JOE W. LAYMON</u> Joe W. Laymon
August 4, 2009	Director	<u>/s/ DONALD G. LUBIN</u> Donald G. Lubin
August 4, 2009	Director	<u>/s/ JAMES S. METCALF</u> James S. Metcalf
August 4, 2009	Director	<u>/s/ ROBERT J. POTTER</u> Robert J. Potter



**CERTIFICATION PURSUANT TO SECTION 302 OF SARBANES-OXLEY ACT OF 2002**

I, Martin P. Slark, certify that:

1. I have reviewed this annual report on Form 10-K of Molex Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2009

By: /s/ MARTIN P. SLARK  
Martin P. Slark  
Vice Chairman & Chief Executive Officer

**CERTIFICATION PURSUANT TO SECTION 302 OF SARBANES-OXLEY ACT OF 2002**

I, David D. Johnson, certify that:

1. I have reviewed this annual report on Form 10-K of Molex Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2009

By: /s/ DAVID D. JOHNSON

David D. Johnson  
Executive Vice President, Treasurer & Chief  
Financial Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Molex Incorporated (the "Company") on Form 10-K for the period ending June 30, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned hereby certifies, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, in his capacity as an officer of Molex Incorporated, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 4, 2009

By: /s/ MARTIN P. SLARK

Martin P. Slark

Vice Chairman & Chief Executive Officer

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required by Section 906 has been provided to Molex Incorporated and will be retained by Molex Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Molex Incorporated (the "Company") on Form 10-K for the period ending June 30, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned hereby certifies, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, in his capacity as an officer of Molex Incorporated, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 4, 2009

By: /s/ DAVID D. JOHNSON

David D. Johnson  
Executive Vice President, Treasurer & Chief  
Financial Officer

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required by Section 906 has been provided to Molex Incorporated and will be retained by Molex Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.

(This page intentionally left blank)



**MOLEX INCORPORATED**

**2222 Wellington Court  
Lisle, Illinois 60532**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD OCTOBER 30, 2009**

PROXY STATEMENT

Dear Stockholders:

We will hold the annual meeting of Molex Incorporated stockholders on Friday, October 30, 2009 at 10:00 a.m., Central time, at our corporate headquarters at 2222 Wellington Court, Lisle, Illinois 60532.

The purpose of the annual meeting is to consider and take action on the following matters:

1. The election of five Class I directors nominated by Molex's Board of Directors for a term of three years;
2. The ratification of the selection of Ernst & Young LLP as Molex's independent auditors for the fiscal year ending June 30, 2010; and
3. Any other business that properly comes before the meeting or any adjournments or postponements thereof.

The items of business listed above are more fully described in the Proxy Statement accompanying this Notice. Stockholders of record as of the close of business on September 8, 2009 are entitled to vote at the annual meeting or any adjournments or postponements thereof.

Your vote is important. Whether or not you plan to attend the annual meeting in person, it is important that your shares be represented and voted. You may vote via the Internet, telephone or mail before the annual meeting or in person at the annual meeting.

By Order of the Board of Directors

A handwritten signature in cursive script that reads "Mark R. Pacioni".

Mark R. Pacioni  
Secretary

September 10, 2009  
Lisle, Illinois

## TABLE OF CONTENTS

<u>Item</u>	<u>Page</u>
Information Concerning Voting and Solicitation . . . . .	3
General Information . . . . .	3
Who Can Vote . . . . .	3
How to Vote . . . . .	3
Meeting Admission . . . . .	4
Molex Stock . . . . .	5
Counting of Votes . . . . .	6
Expenses of Solicitation . . . . .	6
Voting Results . . . . .	6
Item 1 - Election of Directors . . . . .	7
Corporate Governance . . . . .	9
Board Independence . . . . .	9
Board and Committee Information . . . . .	10
Corporate Governance Principles . . . . .	11
Compensation of Directors . . . . .	12
Director Compensation Table . . . . .	13
Security Ownership of Directors and Executive Officers . . . . .	14
Stock Ownership Guidelines for Executive Officers . . . . .	15
Section 16(a) Beneficial Ownership Reporting Compliance . . . . .	15
Security Ownership of More Than 5% Stockholders . . . . .	16
Item 2 - Ratification of Selection of Independent Auditors . . . . .	17
Audit Matters . . . . .	17
Audit Committee Report . . . . .	17
Independent Auditors' Fees . . . . .	18
Policy on Audit Committee Pre-Approval of Services . . . . .	18
Compensation Discussion and Analysis . . . . .	19
Report of the Compensation Committee . . . . .	25
Executive Compensation . . . . .	26
Summary Compensation Table . . . . .	26
Fiscal Year 2009 Grants of Plan-Based Awards . . . . .	28
Outstanding Equity Awards at 2009 Fiscal Year-End . . . . .	30
Fiscal Year 2009 Option Exercises and Stock Vested . . . . .	31
Fiscal Year 2009 Nonqualified Deferred Compensation . . . . .	31
Potential Payments Upon Termination or Change-in-Control . . . . .	33
Transactions with Related Persons . . . . .	34
Other Matters . . . . .	36
<u>APPENDICES</u>	
Appendix I: Molex Incorporated Criteria for Membership on the Board of Directors	
Appendix II: Molex Incorporated Procedures for Identifying and Evaluating Candidates for Director	
Appendix III: Molex Incorporated Procedures for Stockholder Communications With Directors	
Appendix IV: Molex Incorporated Procedures for Stockholders Submitting Nominating Recommendations	

## MOLEX INCORPORATED

2222 Wellington Court  
Lisle, Illinois 60532

### PROXY STATEMENT

#### INFORMATION CONCERNING VOTING AND SOLICITATION

##### General Information

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Molex Incorporated ("Molex" or the "Company"), a Delaware corporation, for use at the annual meeting of stockholders to be held on Friday, October 30, 2009, at 10:00 a.m., Central time, or at any postponements or adjournments thereof, for the purposes discussed in this Proxy Statement and in the accompanying Notice of Annual Meeting of Stockholders and for any business properly brought before the annual meeting. Proxies are solicited to give all stockholders of record an opportunity to vote on matters properly presented at the annual meeting, which will be held at our corporate headquarters at 2222 Wellington Court, Lisle, Illinois 60532.

In accordance with rules adopted by the Securities and Exchange Commission (the "SEC"), we now furnish to our stockholders proxy materials, including our Annual Report to Stockholders, on the Internet. We will begin distributing a Notice of Internet Availability of Proxy Materials (the "Notice of Internet Availability") to our stockholders of record and beneficial owners on or about September 10, 2009. The Notice of Internet Availability contains instructions on how to access this Proxy Statement and our 2009 Annual Report to Stockholders and how to vote. If you receive a Notice of Internet Availability, you will not receive a printed copy of the proxy materials unless you specifically request them, which you may do by following the instructions included in the Notice of Internet Availability.

##### Who Can Vote

You are entitled to vote at the annual meeting if you were a stockholder of record of Molex voting stock as of the close of business on September 8, 2009. Your shares may be voted at the annual meeting only if you are present in person or represented by a valid proxy.

##### How to Vote

Whether you hold shares directly as a stockholder of record or beneficially in street name, you may direct how your shares are voted without attending the meeting. If you are a stockholder of record, you may vote by submitting a proxy. If you hold shares beneficially in street name, you may vote by submitting voting instructions to your broker, trustee or nominee. For directions on how to vote, please refer to the instructions below and those on the Notice of Internet Availability, proxy card or voting instruction form provided.

*By Internet.* Stockholders of record may submit proxies over the Internet by following the instructions on the Notice of Internet Availability or, if printed copies of the proxy materials were received, the instructions on the printed proxy card. Most beneficial stockholders may vote by accessing the website specified on the voting instruction forms provided by their brokers, trustees or nominees. Please check your voting instruction form for Internet voting availability. Voting instructions must be received by 11:59 p.m., Eastern time, October 29, 2009.

*By Telephone.* Stockholders of record may submit proxies using any touch-tone telephone from within the United States by following the instructions regarding accessing a copy of the proxy statement on the Notice of Internet Availability or, if printed copies of the proxy materials were received, the instructions on the printed proxy card. Most beneficial owners may vote using any touch-tone telephone from within the United States by calling the number specified on the voting instruction



forms provided by their brokers, trustees or nominees. Voting instructions must be received by 11:59 p.m., Eastern time, October 29, 2009.

*By Mail.* Stockholders of record may submit proxies by mail by requesting printed proxy cards and completing, signing and dating the printed proxy cards and mailing them in the accompanying pre-addressed envelopes. Beneficial owners may vote by completing, signing and dating the voting instruction forms provided and mailing them in the accompanying pre-addressed envelopes.

*In Person.* Stockholders of record may also vote in person at the annual meeting. We will provide a ballot to anyone who requests one at the meeting. Shares held in your name as the stockholder of record may be voted on that ballot. Shares held beneficially in street name may be voted on a ballot only if you bring a legal proxy from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares. Even if you plan to attend the annual meeting, we recommend that you also submit your proxy or voting instruction form as described below so that your vote will be counted if you later decide not to attend the meeting.

Molex is incorporated under Delaware law, which specifically permits electronically transmitted proxies, provided that each such proxy contains or is submitted with information from which the inspector of election can determine that such proxy was authorized by the stockholder. (Delaware General Corporation Law, Section 212(c).) The electronic voting procedures provided for the annual meeting are designed to authenticate each stockholder by use of a control number to allow stockholders to vote their shares and confirm that their instructions have been properly recorded.

If you submit a proxy and do not specify how you want your shares to be voted, your shares will be voted by the named proxy holders (i) "For" the election of all of the director nominees and (ii) "For" the ratification of the selection of Ernst & Young LLP as our independent auditors for the year ending June 30, 2010.

In their discretion, the named proxy holders are authorized to vote on any other matters that may properly come before the annual meeting and at any postponements or adjournments thereof. The Board of Directors knows of no other items of business that will be presented for consideration at the annual meeting other than those described in this Proxy Statement. In addition, no stockholder proposal or nomination was received by the applicable deadlines, so no such matters may be brought to a vote at the annual meeting.

If you vote by proxy, you may revoke that proxy at any time before it is voted at the annual meeting. Stockholders of record may revoke a proxy by sending to our Secretary, at 2222 Wellington Court, Lisle, Illinois 60532, a written notice of revocation or a duly executed proxy bearing a later date or by attending the annual meeting in person and voting in person. If your shares are held in the name of a bank, broker or other holder of record, you may change your vote by submitting new voting instructions to your bank, broker or other holder of record.

### **Meeting Admission**

You are entitled to attend the annual meeting only if you were a Molex stockholder as of the close of business on September 8, 2009 or hold a valid proxy for the annual meeting. You should be prepared to present photo identification for admittance. In addition, if you are a stockholder of record, your ownership as of the record date will be verified prior to admittance into the meeting. If you are not a stockholder of record but hold shares through a broker, trustee, or nominee, you must provide proof of beneficial ownership as of the record date, such as an account statement or similar evidence of ownership. If you do not provide photo identification and comply with the other procedures outlined above, you will not be admitted. Cameras, recording equipment, electronic devices, large bags, briefcases or packages will not be permitted in the annual meeting. For directions to the annual meeting, please call 630.527.4447.

## Molex Stock

We have three classes of common stock: Common Stock, par value \$.05 per share ("Common Stock"), Class A Common Stock, par value \$.05 per share ("Class A Common Stock"), and Class B Common Stock, par value \$.05 per share ("Class B Common Stock").

### – Voting Stock: Common Stock and Class B Common Stock

The holders of Common Stock and Class B Common Stock are entitled to one vote per share upon each matter submitted to the vote of the stockholders and, subject to the conditions summarized below, vote separately as a class as to all matters except the election of directors. With respect to the election of directors, the holders of Common Stock and Class B Common Stock vote together as a class. As of the record date, Frederick A. Krehbiel, John H. Krehbiel, Jr. and Fred L. Krehbiel control the vote of approximately 96% of Class B Common Stock. As a result, regardless of the vote of any other Molex stockholder, they generally have control over the vote relating to all matters other than the election of directors, including Item 2, the ratification of the selection of Molex's independent auditors.

The right of Class B Common Stock holders to vote separately as a class is subject to applicable law and exists for so long as at least 50% of the authorized shares of the Class B Common Stock are outstanding. As of September 8, 2009, more than 50% of the authorized shares of Class B Common Stock were outstanding.

### – Non-Voting Stock: Class A Common Stock

The holders of Class A Common Stock have the same liquidation rights and the same rights and preferences regarding dividends as the holders of Common Stock or Class B Common Stock. However, the holders of Class A Common Stock have no voting rights except as otherwise required by law or under certain circumstances. For example, under Delaware law, any amendments to our Certificate of Incorporation changing the number of authorized shares of any class, changing the par value of the shares of any class, or altering or changing the powers, preferences, or special rights of the shares of any class so as to adversely affect them, including Class A Common Stock, would require the separate approval of the class so affected, as well as the approval of all classes entitled to vote thereon, voting together.

Class A Common Stock would automatically convert into Common Stock on a share-for-share basis any time upon the good faith determination by the Board of Directors that either of the following events has occurred: (i) the aggregate number of outstanding shares of Common Stock and Class B Common Stock together is less than 10% of the aggregate number of outstanding shares of Common Stock, Class B Common Stock and Class A Common Stock together; or (ii) any person or group, other than one or more members of the Krehbiel family, as defined in our Certificate of Incorporation, becomes or is the beneficial owner of a majority of the outstanding shares of Common Stock.

### – Shares Outstanding on the Record Date

As of the close of business on September 8, 2009 there were outstanding:

95,560,076 shares of Common Stock

77,989,270 shares of Class A Common Stock

94,255 shares of Class B Common Stock

### – Quorum

A majority of the outstanding shares of each of Common Stock and Class B Common Stock entitled to vote will constitute a quorum at the meeting.

## Counting of Votes

All votes will be tabulated by the inspector of election appointed for the annual meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes. Shares held by persons attending the annual meeting but not voting, shares represented by proxies that reflect abstentions as to a particular proposal and broker non-votes will be counted as present for purposes of determining a quorum.

Our directors are elected by a plurality of the votes cast by the holders of Common Stock and Class B Common Stock voting together as a class. This means the director nominees who receive the largest number of properly cast "for" votes will be elected as directors. Abstentions and withheld votes will have no effect on the result of the votes on the election of directors.

All other proposals must be approved separately by a majority of the shares of Common Stock voting as a class and the majority of the shares of Class B Common Stock voting as a class. Abstentions will have the same effect as votes against the proposal.

If you are a stockholder of record and do not submit your vote by proxy or vote in person at the annual meeting, your shares will not be voted. However, if you hold shares beneficially in street name, the result may be different. If you do not return the voting instruction form, your broker, trustee or nominee may vote your shares in certain circumstances and on certain proposals. The NASDAQ Global Select Market ("NASDAQ") rules permit brokers to vote their clients' shares in their own discretion on the election of directors and on Item 2 if they have not received instructions from their clients. When a broker votes a client's shares on some but not all of the proposals at a meeting, the missing votes are referred to as "broker non-votes." Those shares will be included in determining the presence of a quorum at the meeting, but are not considered "present" for purposes of voting on non-discretionary matters.

## Expenses of Solicitation

All expenses for soliciting proxies will be paid by Molex, which has retained Georgeson Inc. ("Georgeson"), 199 Water Street, 26th Floor, New York, New York 10038, to aid in the solicitation of proxies, for fees of approximately \$8,500, plus additional expenses of approximately \$1,000. Proxies may be solicited by personal interview, mail and telephone. Georgeson has contacted brokerage houses, other custodians and nominees to ask whether other persons are the beneficial owners of the shares they hold in street name and, if that is the case, will supply additional copies of the proxy materials for distribution to such beneficial owners. Molex will reimburse such parties for their reasonable expenses for sending proxy materials to the beneficial owners of the shares. In addition, solicitation of proxies may be supplemented by telephone, facsimile, electronic mail or personal solicitation by our directors, officers or employees. No additional compensation will be paid to directors, officers or employees for such services.

## Voting Results

We will announce preliminary voting results at the annual meeting and report final results in our quarterly report on Form 10-Q for the quarter ended December 31, 2009 (available at [www.sec.gov](http://www.sec.gov) and [www.molex.com](http://www.molex.com)).

A list of stockholders entitled to vote at the annual meeting will be available for examination by any stockholder for any purpose relevant to the annual meeting during ordinary business hours at our offices at 2222 Wellington Court, Lisle, Illinois 60532, for ten days prior to the annual meeting, and also at the annual meeting.

## ITEM 1

### ELECTION OF DIRECTORS

Our Board of Directors is divided into three classes, each class consisting, as nearly as possible, of one-third of the total number of directors, with members of each class serving for a three-year term. Vacancies on the Board may be filled only by persons elected by the Board to fill a vacancy (including a vacancy created by an increase in the size of the Board). A director elected by the Board to fill a vacancy (including a vacancy created by an increase in the size of the Board) will serve for the remainder of the full term of the class of directors in which the vacancy occurred and until such director's successor is elected and qualified, or until such director's earlier death, resignation or removal.

Each share of Common Stock and Class B Common Stock is entitled to one vote for each of the five director nominees. It is the intention of the named proxy holders to vote the proxies received by them for the election of the five nominees named below unless authorization to do so is withheld. If any nominee should become unavailable for election prior to the annual meeting, an event that currently is not anticipated by the Board of Directors, the proxies will be voted for the election of a substitute nominee proposed by the Board unless the Board chooses to reduce the number of directors serving on the Board. Each person nominated for election has agreed to serve if elected, and the Board has no reason to believe that any nominee will be unable to serve.

Based upon the recommendation of the Corporate Governance and Nominating Committee, Michelle L. Collins, Fred L. Krehbiel, David L. Landsittel, Joe W. Laymon and James S. Metcalf are all nominees for reelection to the Board. If elected, each nominee would serve until the 2012 annual meeting of stockholders. Our newest director, Dr. Anirudh Dhebar, was initially suggested as a candidate by the Chief Executive Officer and Co-Chairmen. Dr. Dhebar met the Corporate Governance and Nominating Committee's candidate criteria, was interviewed, selected and recommended by the Corporate Governance and Nominating Committee and approved by the Board. Dr. Dhebar was named a director by the Board effective August 7, 2009 and will stand for election at the 2010 annual meeting.

Set forth below is biographical information for each nominee and for all other directors. Frederick A. Krehbiel and John H. Krehbiel, Jr., are brothers and Fred L. Krehbiel is the son of John H. Krehbiel, Jr., (collectively, the "Krehbiel Family"). The Krehbiel Family may be considered "control persons" of Molex. Other than the Krehbiel Family, no director or executive officer has any family relationship with any other director or executive officer.

#### **Class I Nominees Subject to Election This Year**

##### **MICHELLE L. COLLINS**

Michelle L. Collins, age 49, has served as a director of Molex since 2003. Ms. Collins has been President of Cambium LLC, a business and financial advisory firm, and Advisory Board Member of Svoboda Capital Partners LLC since 2007. Ms. Collins was a co-founder of Svoboda Collins LLC, a private equity firm, where she served as Managing Director from 1998 to 2007. From 1992 to 1997, Ms. Collins was a principal at William Blair & Company, LLC. Ms. Collins is a director of Columbia Acorn Fund, Wanger Advisors Trusts and Bucyrus International, Inc.

##### **FRED L. KREHBIEL**

Fred L. Krehbiel, age 44, has served as a director of Molex since 1993. Since 1988, he has served in various engineering, marketing and managerial positions with Molex. Mr. Krehbiel is Senior Vice President, Technology Innovation; from July 2007 through August 2009 he was Vice President, Product Development and Commercialization for Molex's Global Commercial Products Division; from 2003 to 2007, he was President, Connector Products Division (Americas), and from 2002 to 2003, he served as President, Automotive Division (Americas).

**DAVID L. LANDSITTEL**

David L. Landsittel, age 69, has served as a director of Molex since 2005. Mr. Landsittel is Chairman of COSO, a private sector organization that provides guidance to business enterprises and others on internal controls, enterprise risk management and fraud deterrence. He previously served as Chairman of the Auditing Standards Board of the American Institute of Certified Public Accountants. From 1963 to 1997, Mr. Landsittel served as an auditor in various positions with Arthur Andersen LLP. Mr. Landsittel is a Trustee of Burnham Investors Trust.

**JOE W. LAYMON**

Joe W. Laymon, age 56, has served as a director of Molex since 2002. He resigned from the Board in 2006 and was re-elected in January 2008. Mr. Laymon has been Corporate Vice President of Human Resources at Chevron Corporation since March 2008. Prior to that, Mr. Laymon was Group Vice President of Corporate Human Resources and Labor Affairs of Ford Motor Company from 2004 to 2008. From 2000 to 2004 he was Executive Director of Human Resources of Ford.

**JAMES S. METCALF**

James S. Metcalf, age 51, has served as a director of Molex since September 2007. Since 2006, he has been the President and Chief Operating Officer of USG Corporation, a leading manufacturer and distributor of building materials and products used in certain industrial processes. Mr. Metcalf joined USG in 1980 and has held numerous executive positions including Executive Vice President and President, Building Systems from 2002 to 2006; President and Chief Executive Officer, L&W Supply from 2000 to 2002; and Executive Vice President and Chief Operating Officer, L&W Supply from 1999 to 2000. Mr. Metcalf is a director of USG.

**YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" EACH NAMED NOMINEE**

**Class II Directors Continuing in Office Until the 2010 Annual Meeting of Stockholders**

**MICHAEL J. BIRCK**

Michael J. Birck, age 71, has served as a director of Molex since 1995. He is the co-founder of Tellabs, Inc., a telecommunications equipment company. He has been Chairman of Tellabs since 2000. He was the Chief Executive Officer of Tellabs from 2002 to 2004, and Chief Executive Officer and President from 1975 to 2000.

**ANIRUDH DHEBAR**

Anirudh Dhebar, age 58, has served as a director of Molex since August 2009. Dr. Dhebar has been a professor of marketing at Babson College since 1997, and prior to joining the faculty at Babson College, he was on the faculty at the Harvard Business School (1983-1995) and the Sloan School of Management at the Massachusetts Institute of Technology (1995-1997).

**FREDERICK A. KREHBIEL**

Frederick A. Krehbiel, age 68, has served as a director of Molex since 1972. Mr. Krehbiel has been Co-Chairman of the Board since 1999. From 1988 to 1999 he served as Vice Chairman and Chief Executive Officer, and as Chairman from 1993 to 1999. From 1999 to 2001 he served as Co-Chief Executive Officer and as Chief Executive Officer from 2004 to 2005. Mr. Krehbiel is a director of Tellabs, Inc.

**MARTIN P. SLARK**

Martin P. Slark, age 54, has served as a director of Molex since 2000. Mr. Slark has been Vice Chairman and Chief Executive Officer since 2005. From 2001 to 2005, he served as President and Chief Operating Officer. From 1999 to 2001, he served as Executive Vice President. Mr. Slark is a director of Hub Group, Inc. and Liberty Mutual.

**Class III Directors Continuing in Office Until the 2011 Annual Meeting of Stockholders****EDGAR D. JANNOTTA**

Edgar D. Jannotta, age 78, has served as a director of Molex since 1986. Mr. Jannotta has been Chairman of William Blair & Company LLC, an international investment banking firm, since 2001. He has served in numerous capacities at William Blair since 1965, including Senior Director, Senior Partner and Managing Partner. Mr. Jannotta is a director of Aon Corporation.

**JOHN H. KREHBIEL, JR.**

John H. Krehbiel, Jr., age 72, has served as a director of Molex since 1966. Mr. Krehbiel has been Co-Chairman of the Board since 1999. From 1999 to 2001, he served as Co-Chief Executive Officer. From 1996 to 1999, he served as Chief Operating Officer, and from 1975 to 1999, he served as President.

**DONALD G. LUBIN**

Donald G. Lubin, age 75, has served as a director of Molex since 1994. Mr. Lubin is a partner of the law firm Sonnenschein Nath & Rosenthal LLP. He has been a partner since 1964 and was Chairman from 1990 to 1996.

**ROBERT J. POTTER**

Robert J. Potter, age 76, has served as a director of Molex since 1981. Dr. Potter has been President and Chief Executive Officer of R.J. Potter Company, a business consulting firm, since 1990. From 1987 to 1990, Dr. Potter was President and Chief Executive Officer of Datapoint Corporation, a leader in network-based data processing. Dr. Potter is a director of Zebra Technologies Corporation.

**CORPORATE GOVERNANCE****Board Independence**

The Board of Directors has assessed the independence of the directors in light of the published listing standards of NASDAQ and the more stringent Independence Standards established by the Board, which are described below and can also be found on our website, [www.molex.com](http://www.molex.com), on the Investors page under Corporate Governance. Under these standards, the Board has determined that the following directors are independent: Michael J. Birck, Michelle L. Collins, Anirudh Dhebar, Edgar D. Jannotta, David L. Landsittel, Joe W. Laymon, James S. Metcalf and Robert J. Potter. Donald G. Lubin has determined that he is not independent in light of his longstanding role as a legal advisor to Molex and the Krehbiel Family, and the Board agrees with Mr. Lubin's determination.

The NASDAQ rules have objective tests and a subjective test for determining who is an "independent director." Under the objective tests, a director cannot be considered independent if the director (i) is an employee of the Company or (ii) is a partner in, or an executive officer of, an entity to which the Company made, or from which the Company received, payments in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenue for that year.

The subjective test states that an independent director must be a person who lacks a relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

In addition to the Board-level standards for director independence, the directors who serve on the Audit Committee each must satisfy standards established by the SEC providing that to qualify as "independent" for the purposes of membership on that committee, members of audit committees may not accept directly or indirectly any consulting, advisory, or other compensatory fee from the company other than their director compensation and must not be an affiliated person.

Under the additional Independence Standards established by the Board, a director cannot be affiliated with a business organization that either paid or received payments to or from us during any one of the past three fiscal years that exceed the greater of 2% of the recipient's gross revenues for that year or \$200,000.

In assessing independence, the Board reviewed transactions and relationships of the directors based on information provided by each director, our records and publicly available information. The relationships and transactions reviewed by the Board included the following:

- Mr. Birck is the Chairman of Tellabs, which is a Molex customer. The Board reviewed Molex's sales to Tellabs during FY09 and determined that this relationship does not affect Mr. Birck's status as an independent director.
- Mr. Jannotta is the Chairman of William Blair, which provides investment banking services to Molex. The Board reviewed the amount of fees paid to William Blair for such services during FY09 and determined that this relationship does not affect Mr. Jannotta's status as an independent director.
- Mr. Laymon was previously Group Vice President, Corporate Human Resources, of Ford Motor Company, which is a Molex customer. The Board reviewed Molex's sales to Ford during FY09 and determined that this relationship does not affect Mr. Laymon's status as an independent director.
- From time to time, we make charitable contributions to organizations with which a non-employee director has an affiliation. The Board reviewed all such charitable contributions and determined that they did not affect the independent status of any non-employee director.

#### **Board and Committee Information**

The Board of Directors held eight meetings during FY09, and all of the directors attended at least 75% of the total number of meetings of the Board and committees on which they served, except for Mr. Birck, who attended 70% of such meetings. The Board expects all directors to attend the annual meeting of stockholders, barring unforeseen circumstances. All then-members of the Board were present at the 2008 annual meeting of stockholders. The non-employee directors meet in executive session without management present following each regularly scheduled Board meeting. The Chairman of the Corporate Governance and Nominating Committee presides at these executive sessions.

The Board has a standing Audit Committee, Compensation Committee, Corporate Governance and Nominating Committee, Technology Committee, and Executive Committee. The charters of these committees are posted on our website, [www.molex.com](http://www.molex.com), on the Investors page under Corporate Governance. In addition, the Board has established a Stock Option Plan Committee comprised of Frederick A. Krehbiel, John H. Krehbiel, Jr., and Martin P. Slark.

The Audit Committee consists of Mr. Landsittel (Chair), Ms. Collins and Dr. Potter. The Board has determined that each of the members of the Audit Committee is independent under the listing

standards of NASDAQ, and that Mr. Landsittel is an “audit committee financial expert” as defined by SEC regulations. All members of the Audit Committee meet the NASDAQ composition requirements, including the requirements regarding financial literacy and financial sophistication. The functions of the Audit Committee are described under “Audit Committee Report.” During FY09, the Audit Committee met eight times.

The Compensation Committee consists of Mr. Laymon (Chair) and Messrs. Landsittel and Metcalf. The Board has determined that each of the members of the Compensation Committee is independent under the listing standards of NASDAQ. The Compensation Committee is responsible for establishing executive compensation policies and overseeing executive compensation practices. The roles and responsibilities of the Compensation Committee, management and the compensation consultants are described in greater detail under “Compensation Discussion and Analysis.” The Compensation Committee is authorized to delegate responsibilities to subcommittees when appropriate but has not done so. During FY09, the Compensation Committee met six times.

The Corporate Governance and Nominating Committee consists of Mr. Jannotta (Chair), Mr. Birck and Ms. Collins. The Board has determined that each of the members of the Corporate Governance Committee is independent under the listing standards of NASDAQ. The Corporate Governance Committee oversees the corporate governance and Board membership matters and monitors the independence of the Board. The Corporate Governance Committee also determines Board membership qualifications, selects, evaluates and recommends to the Board nominees for election to the Board, and reviews the performance of the Board. During FY09, the Corporate Governance Committee met twice.

The Technology Committee consists of Dr. Potter (Chair), Mr. Birck and Fred L. Krehbiel. The Technology Committee reviews and monitors the execution of the Company’s technology strategies and its technology competitiveness. In addition, the Technology Committee reviews and discusses significant emerging technology issues, trends and opportunities that may affect the Company, its business and strategy. The Technology Committee was formed on April 24, 2009 and held no meetings in FY09.

The Executive Committee consists of Frederick A. Krehbiel (Co-Chair), John H. Krehbiel, Jr. (Co-Chair), and Messrs. Birck, Jannotta and Slark. The Executive Committee has all the powers and authority of the Board in the management of the business and affairs, except with respect to certain enumerated matters including Board composition and compensation, changes to our charter documents, or any other matter expressly prohibited by law or our charter documents. Pursuant to its charter, the Executive Committee has appointed a subcommittee consisting of Frederick A. Krehbiel, John H. Krehbiel, Jr., and Martin P. Slark to act in certain prescribed and specific areas. During FY09 the Executive Committee did not meet, but its subcommittee acted several times by unanimous written consent.

## Corporate Governance Principles

The Board of Directors, at the recommendation of the Corporate Governance and Nominating Committee, has adopted certain principles relating to corporate governance matters.

### – Process for Identifying Board Candidates

The Corporate Governance and Nominating Committee maintains, with the approval of the Board, certain criteria and procedures relating to the identification, evaluation and selection of candidates to serve on the Board. The minimum criteria sought by the Board for candidates as directors are described in the Board’s “Criteria for Membership on the Board of Directors.” In addition, the Corporate Governance and Nominating Committee has established “Procedures for Identifying and Evaluating Candidates for Director.” These documents are included in this Proxy Statement as Appendix I and Appendix II, respectively, and posted on our website, [www.molex.com](http://www.molex.com), on the Investors



page under Corporate Governance. The Corporate Governance and Nominating Committee will consider candidates recommended by stockholders provided that appropriate notice is given.

**– Outside Board Memberships**

In recognition of the increasing demands of board service, the Board has limited the number of public company boards on which our directors and executive officers may serve as follows: (i) non-employee directors are limited to service on three other public company boards; (ii) the Chief Executive Officer and Chief Operating Officer are limited to service on two other public company boards; and (iii) all other executive officers (other than the Co-Chairmen) are limited to service on one other public company board.

**– Change in Director Occupation**

When a director's principal occupation or business association changes substantially during his or her tenure as a director, that director is required to tender his or her resignation for consideration by the Board. The Board will determine whether any action should be taken with respect to the resignation.

**– Stockholder Communication With the Board**

Our annual meetings provide an opportunity each year for stockholders to ask questions of, or otherwise communicate directly with, members of the Board on appropriate matters. In addition, stockholders may communicate in writing with any particular director, any committee of the Board, or the directors as a group by following the "Procedures for Stockholder Communications with Directors" included in this Proxy Statement as Appendix III and posted on our website, [www.molex.com](http://www.molex.com), on the Investors page under Corporate Governance.

## **COMPENSATION OF DIRECTORS**

We use a combination of cash and stock-based incentives to attract and retain qualified candidates to serve on the Board. In setting director compensation, we consider the significant amount of time that directors expend to fulfill their duties, the skill level required of the members of the Board and competitive practices among peer companies. Employee directors do not receive additional compensation for their service on the Board.

### **Director Fees**

Each non-employee director receives (i) an annual retainer of \$60,000; (ii) \$3,000 for each board meeting attended; and (iii) \$2,000 for each committee meeting attended. The non-employee director chairs of the committees receive higher meeting fees in view of their increased responsibilities: the chair of each of the Compensation, Corporate Governance and Nominating, and Technology Committees is paid \$3,000 for each committee meeting attended, and the chair of the Audit Committee is paid \$4,000 for each committee meeting attended. In addition, non-employee directors are reimbursed for all reasonable travel and out-of-pocket expenses associated with attending Board and committee meetings and continuing education seminars. In connection with our restructuring and other compensation program reductions, the directors reduced their annual retainer by 20% to \$48,000, effective April 1, 2009. We plan to reinstate the \$60,000 annual retainer effective October 1, 2009.

### **Stock Options**

Each non-employee director receives an annual automatic non-discretionary stock option grant under the 2008 Molex Stock Incentive Plan. The options are granted on the date of the annual meeting of stockholders with an exercise price equal to the closing price of the Class A Common Stock on the grant date. Each option vests ratably over four years commencing on the first anniversary of the grant date and expires five years from the grant date. Beginning with the 2009 annual meeting,

options will expire ten years from the grant date. The number of shares underlying the option is 500 multiplied by the number of years of service or fraction thereof. The number of shares underlying a stock option grant cannot exceed 5,000 shares or \$150,000 in value, whichever is less.

### Stock Ownership Guidelines for Directors

The stock ownership guidelines for non-employee directors require them to own 500 shares (and/or stock units) of Molex stock within three years of commencement of service and 1,000 shares (and/or stock units) of Molex stock within six years of commencement of service. As of September 8, 2009, each non-employee director had met, or was on track to meet, the stock ownership guidelines.

### Deferred Compensation Plan

Our non-employee directors are eligible to participate in the Molex 2005 Outside Directors' Deferred Compensation Plan, under which they may elect on a yearly basis to defer all or a portion of the following year's director's fees. A non-employee director may elect to have the deferred fees (i) accrue interest during each calendar quarter at a rate equal to the average six-month Treasury Bill rate in effect at the beginning of each calendar quarter (an "interest account"), or (ii) converted to stock units at the closing price of Common Stock on the date the fees would otherwise be paid (a "stock account"). Upon a director's termination of service as a director (or age 59½ if later) or the director's death or disability, the accumulated amount in the director's interest account is distributed in cash, and the stock units in the director's stock account are distributed in an equal number of shares of Common Stock. We impute dividends on each stock unit that is credited to a director's stock account, and the imputed dividends are converted into additional stock units on the basis of the market value of the Common Stock on the dividend payment date. The number of outstanding stock units (including dividend units) is included in the "Security Ownership of Directors and Executive Officers" table. All distributions will be made in a single lump sum payment, except that a participant may elect to receive amounts distributed in annual installments over a period of up to ten years on account of his or her separation from service after attaining age 59½.

### Director Compensation Table

The following table sets forth summary information concerning compensation for each of our non-employee directors for FY09. Information about compensation for employee directors who are not Named Executive Officers ("NEOs") can be found under "Transactions with Related Persons."

Name	Fees Earned or Paid in Cash\$(1)	Option Awards\$(2)	Total(\$)
Michael J. Birck	\$ 77,000	\$22,428	\$ 99,428
Michelle L. Collins	98,000	8,048	106,048
Edgar D. Jannotta	84,000	26,005	110,005
Kazumasa Kusaka	78,000	1,381	79,381
David L. Landsittel	125,000	4,959	129,959
Joe W. Laymon	93,000	983	93,983
Donald G. Lubin	75,000	22,428	97,428
James S. Metcalf	85,000	1,381	86,381
Robert J. Potter	115,000	26,005	141,005

(1) Includes amounts deferred at the election of a director.

(2) The amounts shown represent the compensation costs of option awards for financial reporting purposes under Financial Accounting Standards Board Statement of Financial Accounting Standard No. 123 (revised 2004), *Share-Based Payment* ("FAS 123(R)"), rather than an amount paid to or realized by the director, for awards granted in FY09 and prior years. The FAS 123(R) value as of the grant date is spread over the number of months of service required for the grant to become non-forfeitable. There can be no assurance that the FAS 123(R) amounts will ever be realized. Assumptions used in the calculation of these compensation costs are included in Note 17 to the consolidated financial statements included in the Annual Report on

Form 10-K filed with the SEC on August 5, 2009. Option awards to acquire the following number of shares were outstanding as of June 30, 2009: Mr. Birck, 16,600; Ms. Collins, 6,300; Mr. Jannotta, 19,000; Mr. Kusaka, 1,500; Mr. Landsittel, 4,100; Mr. Laymon, 2,000; Mr. Lubin, 16,600; Mr. Metcalf, 1,500; and Dr. Potter, 19,000. The grant date fair value for the options granted in FY09 was: Mr. Birck: \$13,753; Ms. Collins: \$6,876; Mr. Jannotta: \$13,753; Mr. Kusaka: \$2,751; Mr. Landsittel: \$5,501; Mr. Laymon: \$5,501; Mr. Lubin: \$13,753; Mr. Metcalf: \$2,751; and Dr. Potter: \$13,753.

## SECURITY OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the number of shares of Molex stock beneficially owned by each director, the NEOs, and all directors and executive officers as a group as of September 1, 2009. The Class A Common Stock is reported for informational purposes.

Name	Common Stock		Class B Common Stock		Class A Common Stock		
	# Shares(1)	%	# Shares	%	# Shares(1)	# Options(2)	%
Michael J. Birck	43,099	*	-	-	3,000	9,750	*
Michelle L. Collins	7,023	*	-	-	-	3,225	*
Anirudh Dhebar	-	*	-	-	-	-	*
Edgar D. Jannotta	155,712	*	-	-	76,989	12,000	*
Frederick A. Krehbiel	22,954,498(3)	24.0	47,052.5(4)	49.9	113,584(5)	155,000	*
Fred L. Krehbiel	959,785	1.0	1,701	1.8	408,900	33,750	*
John H. Krehbiel, Jr.	29,845,531(6)	31.2	41,949.5	44.5	4,550,509(7)	155,000	5.8
Kazumasa Kusaka	-	*	-	-	-	-	*
David L. Landsittel	9,019	*	-	-	-	1,750	*
Joe W. Laymon	6,693	*	-	-	-	500	*
Donald G. Lubin	41,911	*	-	-	10,674	9,750	*
James S. Metcalf	-	*	-	-	-	500	*
Robert J. Potter	51,629	*	-	-	6,009	12,000	*
Martin P. Stark (8)	96,402	*	-	-	166,399	728,125	*
David D. Johnson	2,548	*	-	-	57,316	261,250	*
Liam G. McCarthy (9)	27,631	*	-	-	92,266	355,490	*
Graham C. Brock (10)	9,079	*	-	-	17,656	135,000	*
Katsumi Hirokawa	-	*	-	-	56,250	173,750	*
All Directors and Executive Officers as a Group (20 people) (11)	34,908,621	36.5	90,703	96.2	5,640,405	2,474,340	7.2

\* Less than 1%.

- (1) Includes stock units credited to the accounts of non-employee directors under our deferred compensation plans. Stock units are distributed in shares of Common Stock except for certain stock units credited to the accounts of Messrs. Jannotta and Potter that will be distributed in shares of Class A Common Stock.
- (2) These are stock options exercisable within 60 days of September 1, 2009.
- (3) Includes 19,407,343 shares held by the Krehbiel Limited Partnership. Mr. Krehbiel and his brother John H. Krehbiel, Jr. are each general and limited partners of the Partnership and share the power to vote and dispose of the shares held by the Partnership. Also includes 3,542,230 shares owned indirectly as trustee for family members and 3,745 shares beneficially owned by Mr. Krehbiel's spouse. Includes 3,184,184 shares pledged by the Partnership to a financial institution as collateral for a line of credit. Mr. Krehbiel disclaims beneficial ownership and/or personal beneficial interest in the shares owned as trustee for family members.
- (4) Includes 5,103 shares owned indirectly as trustee for family members. Mr. Krehbiel disclaims beneficial ownership and/or personal beneficial interest in the shares owned as trustee for family members.
- (5) Includes 105,842 shares owned indirectly as trustee for family members and 3,666 shares beneficially owned by Mr. Krehbiel's spouse. Mr. Krehbiel disclaims beneficial ownership and/or personal beneficial interest in the shares owned as trustee for family members.
- (6) Includes 19,407,343 shares held by the Krehbiel Limited Partnership. See footnote (3) above. Includes 221,275 shares owned indirectly as trustee for family members, and 6,952 shares beneficially owned by Mr. Krehbiel's spouse. Mr. Krehbiel disclaims beneficial ownership and/or personal beneficial interest in the shares owned as trustee for family members. Includes 649,752 shares pledged to a financial institution as collateral for a line of credit.

- (7) Includes 35,575 shares owned indirectly as trustee for family members and 3,602 shares beneficially owned by Mr. Krehbiel's spouse. Mr. Krehbiel disclaims beneficial ownership and/or personal beneficial interest in the shares owned as trustee for family members.
- (8) Includes 95,759 Common Stock shares and 119,279 Class A Common Stock shares beneficially owned by a trust, and 643 Common Stock shares and 9,641 Class A Common Stock shares beneficially owned by family members.
- (9) Includes 4,755 Class A Common Stock shares owned by Mr. McCarthy's spouse.
- (10) Includes one Common Stock share and one Class A Common Stock share beneficially owned by Mr. Brock's spouse.
- (11) The Krehbiel Limited Partnership shares beneficially owned by both Frederick A. Krehbiel and John H. Krehbiel, Jr. are counted once for purposes of these totals.

### **Stock Ownership Guidelines for Executive Officers**

We have stock ownership guidelines for executive officers to ensure that our officers (including the NEOs) have a meaningful stake in the equity of the Company and to further align the interest of the officers with the long-term interest of our stockholders. The guidelines require the Chief Executive Officer to own Molex stock equal in value to at least three times his annual base salary, and each other executive officer to own Molex stock equal in value to at least two times his or her annual base salary. A new executive officer is given five years to meet these guidelines. We make exceptions to these guidelines for an executive officer expected to retire within three years or for economic hardship. As of September 8, 2009, each executive officer had met, or was on track to meet, the stock ownership guidelines.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires Molex's directors and certain of its officers to file reports of their ownership of Molex stock and of changes in such ownership with the SEC. SEC regulations also require us to identify in this Proxy Statement any person subject to this requirement who failed to file any such report on a timely basis. Based on our review of the reports we have received or assisted in preparing, we believe that all of our directors and officers complied with all of the reporting requirements applicable to them with respect to transactions during FY09.

## SECURITY OWNERSHIP OF MORE THAN 5% STOCKHOLDERS

The following table sets forth information regarding beneficial ownership of the stockholders of more than 5% (other than directors and executive officers) of the outstanding Molex stock as of December 31, 2008, unless otherwise indicated in the Schedule 13G. Class A Common Stock is included in the table for informational purposes.

Name	Common Stock		Class A Common Stock	
	# Shares	%	# Shares	%
Krehbiel Limited Partnership (1) 2222 Wellington Court Lisle, IL 60532	19,407,343	20.3%	-	-
Dodge & Cox (2) 555 California Street, 40th Floor San Francisco, CA 94104	-	-	17,073,511	21.8%
Wells Fargo & Company (3) 420 Montgomery Street San Francisco, CA 94163	-	-	10,189,734	13.13
Invesco Ltd. (4) 1360 Peachtree Street NE Atlanta, GA 30309	-	-	5,535,731	7.1
GE Asset Management Inc. (5) 3001 Summer Street P.O. Box 7900 Stamford, CT 06904	-	-	6,657,419	6.39
T. Rowe Price Associates, Inc. (6) 100 E. Pratt Street Baltimore, MD 21202	-	-	4,806,800	6.1

- (1) See footnote (3) of the "Security Ownership of Directors and Executive Officers" table.
- (2) As reported in a Schedule 13G dated February 11, 2009. Dodge & Cox beneficially owns 15,706,906 shares with sole voting power, 53,501 shares with shared voting power, and 17,073,511 shares with sole dispositive power. The shares are beneficially owned by clients of Dodge & Cox which may include investment companies and/or employee benefit plans, pension funds, endowment funds or other institutional clients.
- (3) As reported in a Schedule 13G dated August 10, 2009 by Wells Fargo & Company ("Wells Fargo") on behalf of Metropolitan West Capital Management, LLC, Wells Capital Management Inc., Delaware Trust Company, NA, Wells Fargo Advisors, LLC, Calibre Advisory Services, Inc., Wachovia Bank, NA, Wells Fargo Funds Management LLC, and Wells Fargo Bank, NA. Wells Fargo beneficially owns 5,445,182 shares with sole voting power, 173,564 shares with shared voting power, 9,350,783 shares with sole dispositive power, and 201,823 shares with shared dispositive power. Metropolitan West Capital Management beneficially owns 2,921,567 shares with sole voting power and 7,028,951 shares with sole dispositive power.
- (4) As reported in a Schedule 13G dated February 9, 2009 by Invesco Ltd., on behalf of itself and its subsidiaries, Invesco Trimark Ltd., Stein Roe Investment Counsel, Inc., Invesco PowerShares Capital Management LLC, Invesco PowerShares Capital Management Ireland Ltd. Invesco Trimark Ltd. beneficially owns 5,510,206 shares with sole voting and sole dispositive power; Stein Roe Investment Counsel beneficially owns 22,208 shares with sole dispositive power; Invesco PowerShares beneficially owns 3,244 shares with sole voting and sole dispositive power; Invesco PowerShares Ireland beneficially owns 73 shares with sole voting and sole dispositive power. Each of Invesco's direct and indirect subsidiaries disclaim beneficial ownership of shares beneficially owned by Invesco and any other subsidiary.
- (5) As reported in a Schedule 13G filed on February 13, 2009 by General Electric Company, GE Asset Management Inc. ("GEAM") and the Trustees of General Electric Pension Trust ("GEPT"). GEAM beneficially owns 5,556,289 shares with sole voting and sole dispositive power and 1,101,130 shares with shared voting and shared dispositive power. GEPT beneficially owns 1,101,130 shares with shared voting and shared dispositive power. GEAM and GEPT each expressly disclaim that they are members of a "group" and General Electric disclaims beneficial ownership of all shares and expressly disclaims that it is a member of a "group."
- (6) As reported in a Schedule 13G filed on February 13, 2009 by T. Rowe Price Associates, Inc. and T. Rowe Price Mid-Cap Value Fund, Inc. T. Rowe Price Associates beneficially owns 356,600 shares with sole voting power and 4,806,800 shares with sole dispositive power. T. Rowe Price Mid-Cap Value Fund beneficially owns 4,450,200 shares with sole voting power. Such shares are owned by various individual and institutional investors which T. Rowe Price Associates serves as investment adviser with power to direct investments and/or sole power to vote. It is deemed to be a beneficial owner of such shares for purposes of the Securities Exchange Act of 1934; however it expressly disclaims that it is, in fact, the beneficial owner of such shares.

**ITEM 2**  
**RATIFICATION OF SELECTION OF INDEPENDENT AUDITORS**

The Audit Committee has selected Ernst & Young LLP ("E&Y") as Molex's independent auditors for the fiscal year ending June 30, 2010, and has further directed that the Board submit the selection of independent auditors for ratification by the stockholders at the annual meeting. A representative of E&Y is expected to be present at the annual meeting, will have an opportunity to make a statement if he or she so desires, and will be available to respond to questions.

Stockholder ratification of the selection of E&Y as Molex's independent auditors is not required by the Bylaws or otherwise, but the Board believes that as a matter of corporate practice the selection of E&Y should be submitted to Molex's stockholders for ratification. If the stockholders do not ratify the selection, the Audit Committee will consider whether or not to retain E&Y. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent auditor at any time during the year if the Audit Committee determines that such a change would be in the best interests of Molex and its stockholders.

**YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" ITEM 2**

**AUDIT MATTERS**

**Audit Committee Report**

The Audit Committee assists the Board of Directors by providing oversight on the following matters relating to Molex's financial reporting:

- the quality and integrity of the financial statements;
- the quality and integrity of the internal controls and other accounting, auditing and reporting practices and processes;
- the qualifications, independence and performance of the independent auditor;
- the legal compliance policies and legal matters that may have a material impact on the financial statements;
- the performance and activities of the internal audit program; and
- the policies and processes with respect to risk assessment and risk management.

Molex's management is responsible for preparing the financial statements, establishing and maintaining the system of internal controls, and assessing the effectiveness of Molex's internal control over financial reporting. E&Y is responsible for auditing the annual financial statements and expressing opinions on the conformity of the financial statements with U.S. generally accepted accounting principles and on the effectiveness of Molex's internal control over financial reporting based on its audit.

In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed with management and E&Y the audited financial statements for the fiscal year ended June 30, 2009 and the reasonableness of significant estimates and judgments made in preparing the financial statements, as well as the clarity of the disclosures in the financial statements. The Audit Committee also discussed, with management and separately with E&Y, in executive sessions their evaluations of Molex's internal control over financial reporting and the overall quality of Molex's financial reporting.

The Audit Committee discussed with E&Y those matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1. AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. In addition, E&Y has provided the Audit Committee with the written disclosures and the letter required by applicable

requirements of the Public Company Accounting Oversight Board regarding the independent auditor's communications with the Audit Committee concerning independence, and the Audit Committee and E&Y have discussed the auditors' independence from Molex and its management, including the matters in those written disclosures. The Audit Committee also considered the non-audit services provided by E&Y and the fees and costs billed and expected to be billed by E&Y for those services. All of the non-audit services provided by E&Y have been approved by the Audit Committee in accordance with its pre-approval policy. When approving the retention of E&Y for these non-audit services, the Audit Committee has considered whether the retention of E&Y for these non-audit services is compatible with maintaining auditor independence.

In reliance on the reviews and discussions with management and E&Y referred to above, the Audit Committee recommended to the Board of Directors, and the Board approved, the inclusion of the audited financial statements in Molex's Annual Report on Form 10-K for the fiscal year ended June 30, 2009 for filing with the SEC. The Audit Committee also approved the selection of E&Y as Molex's independent auditors for the fiscal year ending June 30, 2010.

The Audit Committee  
David L. Landsittel, Chairman  
Michelle L. Collins  
Robert J. Potter

### Independent Auditors' Fees

The following table presents fees for professional audit services rendered by Molex's independent auditors, Ernst & Young, for the audit of Molex's annual financial statements for FY09 and FY08, and fees billed for other services rendered by the independent auditors during those periods.

	FY09	FY08
Audit Fees (1) . . . . .	\$3,407,131	\$3,529,439
Audit-Related Fees (2) . .	246,017	444,981
Tax Fees (3) . . . . .	1,992,461	1,277,292
All Other Fees . . . . .	0	0
Total . . . . .	<u>\$5,645,609</u>	<u>\$5,251,712</u>

- (1) Audit fees were principally for audit work performed on the consolidated financial statements and internal control over financial reporting, as well as work generally only the independent auditors can reasonably be expected to provide, such as statutory audit services.
- (2) Audit-related fees were principally for consultations as to the accounting or disclosure treatment of transactions or events, services related to post-acquisition reviews, royalty audits and local grant audits, preliminary due diligence pertaining to potential business acquisitions/dispositions and financial statement audits of employee benefit plans.
- (3) Tax fees were principally for services related to domestic and international tax compliance and reporting, including services related to expatriate tax compliance.

### Policy on Audit Committee Pre-Approval of Services

Consistent with SEC policies regarding auditor independence, the Audit Committee has responsibility for appointing, setting compensation for and overseeing the work of the independent auditors. In recognition of this responsibility, the Audit Committee has established a policy to pre-approve all audit and permissible non-audit services provided by the independent auditors.

Management submits to the Audit Committee a list of services and related fees expected to be rendered during that year within each of four categories of services: audit services, audit-related services, tax services and all other services. Prior to engagement, the Audit Committee pre-approves services within each category and the fees for each category are budgeted. The Audit Committee requires the independent auditors and management to report actual fees versus the budget

periodically throughout the year by category of service. Pursuant to the policy, all services provided by the independent auditors were pre-approved by the Audit Committee.

During the year, circumstances may arise when it may become necessary to engage the independent auditors for additional services not contemplated in the original pre-approval categories. In those instances, the Audit Committee requires specific pre-approval before engaging the independent auditors. The Audit Committee may delegate pre-approval authority to the Chairman of the Audit Committee. The Chairman reports any pre-approval decisions to the Audit Committee at its next scheduled meeting.

## COMPENSATION DISCUSSION AND ANALYSIS

We believe that the performance and contributions of our executive officers are critical to the overall success of Molex. To attract, retain and motivate our executives to accomplish our business strategies, we have implemented executive compensation programs providing executives with the opportunity to earn compensation comparable to that paid by companies with which we compete for top talent and that reward strong performance and creation of stockholder value.

### Objectives

The overall objectives of our executive compensation program are to attract world-class executive talent, retain key leaders, reward short- and long-term performance, and align executives' long-term interests with those of our stockholders. We focus on the following core principles in structuring an effective compensation program that meets our stated objectives:

- **Performance** - We endeavor to align executive compensation with the achievement of operational and financial results and individual contributions.
- **Balance** - We balance rewards for our demanding executive roles between short-term and long-term financial and strategic decisions to enhance performance over time.
- **Competitiveness** - We believe that in total our executive compensation should be targeted above the median of our peer group. This target compensation positioning allows us to retain highly experienced executives and to effectively recruit highly qualified candidates when necessary.
- **Risk Management** - We use appropriately designed incentive plans that discourage excessive risk-taking by executives through structural features such as caps on annual incentive awards and a balance between restricted stock grants and stock option awards, together with stock ownership guidelines and recoupment and forfeiture policies.

### Procedures Used to Establish Executive Compensation

The Compensation Committee (the "Committee") is responsible for establishing executive compensation policies and overseeing executive compensation practices. The Committee is composed entirely of outside, non-employee directors within the meanings of Section 162(m) of the Internal Revenue Code and SEC regulations, and each member is independent under the NASDAQ rules. The Committee has the authority to retain a compensation consultant to assist in the evaluation of executive officer compensation and benefits and approve the consultant's fees and other retention terms. The Committee has engaged The Delves Group to provide advice regarding best practices in executive compensation and compensation trends, and to assist the Committee in its decision-making. The Delves Group's sole engagement for Molex is as compensation consultant to the Committee. Each year the Committee reviews and considers competitive market data along with the individual responsibilities and performance of each executive and internal pay comparisons when setting annual pay opportunities. Annually, the Committee uses tally sheets for each executive officer showing all



elements of total direct compensation (base salary, target bonus, and long-term stock incentives), as well as outstanding equity awards and projected payments upon termination.

Recommendations on the CEO's compensation arrangements are made by the Co-Chairmen of the Board, and the CEO's pay is set by the Committee during an executive session based on the Committee's assessment of the CEO's individual performance, the financial and operating performance of Molex, the recommendations of the Co-Chairmen, competitive market data, and the advice of The Delves Group. The CEO presents his assessment of the performance of the other executive officers, Messrs. McCarthy, Johnson, Brock, Fleischhacker, Hirokawa and Nauman, and makes general recommendations to the Committee concerning the compensation of such officers. Management presents specific recommendations to the Committee on the annual incentive plan structure, long-term incentive compensation strategy, target competitive position of executive compensation and target total direct compensation for each executive officer, including base salary adjustments, target incentive bonus and equity grants. These recommendations are developed in consultation with the CEO and accompanied by competitive market data. The Committee considers management's recommendations based on each executive's individual responsibility, performance, and overall contribution, competitive market data and the advice of The Delves Group, and then determines the compensation arrangements for these individuals.

In determining the design and the level of each element of compensation, we undertake a thorough review of competitive market information. Management has retained the compensation consulting firm Watson Wyatt to develop competitive market information and assist it in making recommendations to the Committee with respect to the composition of the peer group of companies. The Delves Group reviews the composition of the peer group with the Committee. Watson Wyatt also assists management in making recommendations to the Committee with respect to total compensation levels for our executive officers, and the mix and design of incentive compensation. The companies in the peer group are representative of the types of companies with which we compete for executive talent and are broadly comparable to us in terms of industry, global operations, revenue, size and market capitalization. The peer group is reviewed regularly and adjustments are made as necessary to ensure that the peer group continues to be relevant. Each element of an executive officer's total direct compensation (base salary, target bonus, total cash, and long-term stock incentives) and the executive's total direct compensation is compared and benchmarked to similar positions at peer companies.

The peer group used to establish compensation at the beginning of FY09 in August 2008, which was the same as for FY08, was comprised of the following companies:

Amphenol Corp.	Hubbell Inc.	SPX Corp.
Analog Devices, Inc.	ITT Corp.	Teradyne
AVX Corp.	Jabil Circuit	Thomas & Betts Corp.
Benchmark Electronics	KLA-Tencor Corp.	Vishay Intertechnology Inc.
Cooper Industries	Network Appliance Inc.	Western Digital Corp.
Genuine Parts Co.	Seagate Technology	

In connection with equity grants awarded in April 2009, management worked with Watson Wyatt (with review by the Delves Group) to reassess the peer group. Because of the volatility in revenue and the market in general in the last quarter of 2008 and first quarter of 2009, the peer group was broadened to include two additional companies, Agilent Technologies and Itron, Inc.

The peer group company compensation data that is presented to the Committee is supplemented with compensation data from broader, general industry surveys provided by Watson Wyatt. In addition, Watson Wyatt prepares long term incentive survey information from three survey sources. With respect to the executive compensation market data for the August 2008 compensation decisions, the following surveys were used: 2007/2008 Watson Wyatt Top Management Survey, 2007 Mercer Executive Compensation Survey and 2007 Radford Executive Compensation Survey. In connection

with the equity grants awarded in April 2009, Watson Wyatt provided general industry trend analysis data from 48 Fortune 500 companies in a broad spectrum of industries, as well as the following surveys: Watson Wyatt Long Term Incentive Survey, Towers Perrin Long Term Incentive Data and Mercer Long Term Incentive Multiples. The general industry data and survey information are intended to help the Committee gain an understanding of a broad industry perspective on executive pay norms and trends and avoid over reliance on a smaller sampling of companies.

## **Elements of Compensation**

Our executive compensation program is composed primarily of three elements: base salary, annual cash incentives and long-term equity incentives. Each of these elements plays an important role in balancing executive rewards over short- and long-term periods, based on our program objectives.

Although we have no formal policy for a specific allocation between current and long-term compensation or between cash and non-cash compensation, the Committee has established a pay mix for executive officers that balances performance-based pay with retention-based equity awards. Executive compensation is divided between current and long-term compensation, and cash and non-cash compensation, to generally reflect market practice and to provide executive officers with attractive levels of pay while encouraging officers to remain with us for the long term.

### ***Base Salary***

The base salary of an executive takes into account the executive's performance, responsibilities, experience and internal equity. We target base salaries between the 50th and 75th percentiles of our peer group with the expectation that successful performance over time will position pay at or above the 75th percentile. In any given year, actual individual salaries may range above or below the 75th percentile based on a variety of factors, including position level, executive experience relative to industry peers, tenure, individual performance, future potential and leadership qualities.

### ***Annual Cash Incentives***

Annual cash incentives are provided under the Molex Annual Incentive Plan (the "AIP") to reward executives both for Molex's performance toward meeting corporate growth objectives and the executives' performance toward meeting their individual objectives. This is a short-term annual incentive paid in cash pursuant to arrangements that cover all executive officers and provide that an incentive will be paid upon the achievement of two performance metrics: a quantitative performance measure, which makes up 80%, and performance against previously defined individual goals, which makes up the remaining 20%. The quantitative performance measure must be met in order for any payout to be earned. In other words, no matter how well an executive performed against individual goals, if the quantitative performance goal is not met then no cash incentive will be paid out. The Committee selects the performance measure at the beginning of each fiscal year. The annual cash incentive is targeted at the median of the peer group, and depending on Molex and individual performance, actual bonuses can vary widely.

Individual performance goals are established by the Committee and the CEO at the beginning of each fiscal year. These individual performance goals may be based on a variety of factors, including internal budget goals, investor expectations, peer company results, prior year Molex performance, upcoming fiscal year business plans and strategic initiatives, and may exclude specified items that are not reflective of the performance of the ongoing business. Each officer's performance against individual goals is assessed at the end of the fiscal year.

For FY09, the Committee determined that incentives would be paid out upon the achievement of any incremental improvement in operating income (before restructuring charges) as compared to FY08, with target incentives set at 15% growth in operating income and maximum incentives set at 30% growth in operating income. Operating income is equal to gross profit less selling, general and

administrative expense. The target and maximum award opportunities as a percent of base salary for our NEOs are as follows:

<u>Name</u>	<u>Target</u>	<u>Maximum</u>
Martin P. Slark	75%	150%
David D. Johnson	60%	120%
Liam G. McCarthy	60%	120%
Katsumi Hirokawa	50%	100%
Graham C. Brock	50%	100%

#### ***Annual Incentive Program for FY10***

The Committee has approved a redesign of the annual cash incentive program for FY10 to strengthen the program and better support a pay-for-performance culture by incorporating divisional and business unit components into the plan, and developing an improved methodology to set performance goals that are reasonably achievable and allow for target payout when expectations are met. Payouts under the plan will be determined by considering a mix of corporate, divisional and/or business unit performance and performance against individual goals.

The short-term incentive program for FY10 will measure performance and payout incentives on a six-month basis beginning January 2010, rather than the previous 12-month basis, set goals twice each year effective July 1 and January 1 and make payouts after the close of each six-month period. Period-over-period growth in operating income will continue to be the performance metric. Threshold, target and maximum goals for operating income growth will be set for each performance period and such goals will be used to determine payouts. Positive operating income for the company as a whole will be a basic requirement for the payment of any incentive at any level (i.e., division and/or business unit).

#### ***Long-Term Incentives***

The Committee awards a combination of stock option awards and restricted stock awards to focus executive officers on long-term value creation through positive business and financial performance. Equity awards help to align the interests of our executive officers with those of our stockholders. Executive officers receive stock options that provide them with the right to buy a fixed number of shares of Class A Common Stock at the closing price of the stock on the grant date. Generally, options vest ratably over four years beginning on the first anniversary of the grant date. Restricted stock awards of Class A Common Stock are granted at no cost to the executive officer. Generally, restricted stock awards vest ratably over four years beginning on the first anniversary of the grant date. The vesting of stock options and restricted stock awards is accelerated upon the death, total disability or qualified retirement of an executive officer. While options only have value to the recipients if the price of the Class A Common Stock appreciates after the options are granted and carry more risk and upside potential, restricted stock provides greater certainty of executive stock ownership.

The Committee determines the aggregate and relative number of stock options and shares of restricted stock granted by an assessment of the overall value of the long-term incentive opportunity and its value relative to peer company comparisons. We believe that equity awards, more than any other element of compensation, provide our executive officers with incentives to improve the performance of Molex over the long term. This performance incentive, combined with the fact that equity awards allow us to retain valuable executive talent and align the interests of our executives with those of stockholders, is why the Committee has historically provided equity awards that are at the 75<sup>th</sup> percentile or higher of our peer group.

***Long-Term Incentive Grant Practices.*** Under equity grant procedures approved by the Committee and the Board as of May 11, 2007, all long-term incentive grants for executive officers are approved by the Committee, and routine annual grants occur on August 15 (or the next trading day if

markets are closed on August 15). All long-term equity grants to non-executive employees are approved by a Stock Option Plan Committee comprised of Frederick A. Krehbiel, John H. Krehbiel, Jr., and Martin P. Slark, and routine annual grants for these employees occur on February 1 (or the next trading day if markets are closed on February 1).

The Committee and the Board approved an exception to the equity grant procedures in FY09 and annual equity grants were made to all employees, including executive officers other than the CEO, COO and CFO, in April 2009. This was done for two reasons: (1) our stockholders approved in October 2008 a new omnibus stock plan pursuant to which grants can be made to directors, executive officers and employees, and this plan replaced the separate plans we previously maintained and made it unnecessary for us to use different grant dates for executive officers and employees; and (2) in January 2009, management decided to consolidate five product divisions into three product divisions and these consolidations with the reductions in force that we implemented in response to the downturn in our business required us to defer our February 1 grant. In consultation with the CEO, the Committee deferred consideration of grants to the CEO, COO and CFO until its August 2009 meeting. At the Committee's August 2009 meeting, the Committee reviewed an analysis of long-term incentives prepared by Watson Wyatt and approved equity grants to the CEO, COO and CFO. Going forward, all grants to employees, including executive officers, will be made as of October 1 to align the grants with our performance management program, and the equity grant procedures have been amended by the Committee and the Board accordingly.

### **FY09 Compensation Decisions and Results**

At the beginning of FY09, the Committee selected year-over-year growth in incremental operating income as the performance measure for the FY09 annual cash incentive. At the same time, the Committee approved individual performance goals for the CEO, and the Committee and the CEO approved performance goals for the other executive officers. The CEO's individual performance goal areas for FY09 included year-over-year improvement in operating results focusing on cost savings and gross margins, meeting project milestones, increased interaction with all stakeholder groups, including employees, customers and stockholders, talent development and effective succession planning, and revenue growth through acquisitions, strategic alliances and new initiatives. The individual performance goal areas for the other executives related to financial, operational and business achievements. Also in August 2008, the Committee approved salary increases for the NEOs for FY09 ranging from 2.5% to 5.8% effective September 1, 2008, based on an evaluation of the performance of the CEO by the Committee and the Co-Chairmen, and an evaluation of the other executive officers by the Committee and the CEO. In response to the business downturn caused by the global economic recession, we reduced salaries and benefits globally in February 2009. Our CEO and COO each took a 20% pay reduction and all other executive officers took a 10% pay reduction. We plan to reinstate salaries effective October 1, 2009, but will not consider merit increases until October 2010. See the "Summary Compensation Table."

In August 2009, the Committee and the Co-Chairman, Frederick A. Krehbiel, conducted an evaluation of the performance of the CEO, and the Committee and the CEO conducted an evaluation of the performance of the other executive officers during FY09 against pre-established Company and individual goals. Because the operating income goals were not met, annual cash incentives were not earned by our executive officers.

### **Post-Employment Compensation and Benefits**

In order to provide competitive total compensation, we offer qualified profit sharing and 401(k) defined contribution plans. U.S. executive officers participate in these plans on the same terms as other salaried employees. The ability of executive officers to participate fully in these plans is limited under IRS and ERISA requirements. As is commonly the case among our peer group, we offer to executive officers a nonqualified counterpart to the profit sharing plan that is not subject to these limitations. Additionally, we offer a nonqualified deferred compensation plan, supplemental life

insurance, supplemental travel/accident insurance and the opportunity to purchase supplemental life insurance coverage.

We do not currently offer special employment agreements, severance agreements, or change in control agreements to any executive officer. Our only such arrangement, which applies to all employees with equity compensation awards, is accelerated vesting of equity. As the Committee annually reassesses the effectiveness of the executive compensation program, it also assesses the merits of offering these types of arrangements for executives. The Committee may decide to offer these types of benefits in the future.

We do not offer pension benefits to our executive officers. On a case-by-case basis, the Committee has approved individual retirement packages, in addition to the retirement benefits generally available under other employee benefit plans, to retiring executive officers based on years of service and contributions to Molex.

### ***Defined Contribution Plans***

The Molex Incorporated Profit Sharing and Retirement Plan (the "Profit Sharing Plan") is a defined contribution plan under which we make discretionary annual contributions of a fixed percentage of eligible compensation to a participant's account. We make contributions to the Profit Sharing Plan for executive officers on the same terms as applicable to all participating employees. During FY09, we made a contribution equal to 3% of eligible compensation to all eligible employees, including the U.S. executive officers.

U.S. executive officers may also participate in the Molex Incorporated Employees 401(k) Plan, a defined contribution plan. Under this plan, each executive officer may contribute a maximum of 25% of eligible pay on a pre-tax basis up to the IRS limit. We match the contributions of executive officers on the same terms as are applicable to all participating employees – up to 1% of an employee's contributions.

Mr. Brock participates in the *Molex Group Personal Pension Plan*, a defined contribution retirement savings plan under which employee and company contributions are based upon the participant's age, service and salary. Participating employees contribute between 2% and 5% of their salary and if the employee participates at these minimum levels, the Company makes a contribution between 4.5% and 11.5% of salary. Mr. Hirokawa participates in the Japanese national retirement plan and the Molex-Japan Directors Retirement Trust, a defined contribution plan under which the Company makes discretionary annual contributions to eligible executive directors of Molex Japan. See "Company Contributions."

### ***Supplemental Executive Retirement Plan***

The Molex Supplemental Executive Retirement Plan (the "SERP") is a nonqualified defined contribution plan available to all participants in the Profit Sharing Plan who are affected by the IRS contribution limits. Additional information about the Profit-Sharing Plan and the SERP can be found under "Nonqualified Deferred Compensation."

### ***Executive Deferred Compensation Plan***

The Molex Executive Deferred Compensation Plan permits participants to defer all or a portion of their base salary and bonus during the plan year. Additional information about this plan can be found under "Nonqualified Deferred Compensation."

### ***Executive Perquisites***

We provide certain perquisites to our executive officers. We are selective in our use of perquisites, utilizing perquisites that are generally modest in value; these perquisites may include car allowances or leased cars, financial planning and counseling, executive physical medical examinations

and other customary executive perquisites. The Committee has adopted a perquisite pre-approval policy under which certain perquisites and maximum amounts for such perquisites have been pre-approved by the Committee. The Committee has delegated authority to the CEO to approve such perquisites for other executive officers. The Committee must separately approve perquisites not specified as included in the policy or amounts that exceed the specified amounts.

### **Recoupment and Forfeiture Policies**

Under the Company's Annual Incentive Plan, the Board may require reimbursement of bonuses paid to a named executive officer where (i) the payment was predicated in whole or in part upon the achievement of certain financial results that were subsequently the subject of a material restatement; (ii) in the Board's view the named executive officer engaged in fraud or misconduct that caused the need for the restatement; and (iii) a lower bonus would have been made to the named executive officer based upon the restated financial results. The Board may also seek reimbursement of bonuses paid to any named executive officer in other circumstances involving fraud or misconduct if such fraud or misconduct caused substantial harm to Molex even in the absence of a restatement of Molex's financial statements.

Under the Company's equity plans, awards will be forfeited if (i) the participant engages in competitive activities during employment or within one year after termination of employment; (ii) the participant solicits employees to work for another organization during employment or within two years after termination of employment; or (iii) the participant's employment is terminated for cause, as defined for purposes of the equity plans. Participants must also reimburse the Company for amounts paid in settlement of awards earned or accrued within 24 months of a restatement of Molex's financial statements in certain circumstances.

### **Limitations on Deductibility of Compensation**

Section 162(m) of the Internal Revenue Code generally limits the tax deductibility of compensation paid by a public company to its CEO and certain other highly compensated executive officers who are in office at the end of the fiscal year to \$1 million per officer in the year the compensation becomes taxable to the executive. There is an exception to the limit on deductibility for performance-based compensation that meets certain requirements.

It is the Committee's intention to provide annual incentive awards and stock options that are qualified and fully deductible by the Company under Section 162(m). However, when warranted due to competitive or other factors, the Committee may decide in certain circumstances to provide incentive and other compensation that exceeds the \$1 million limitation set forth in Section 162(m). The time-vested restricted stock units granted by the Committee in FY09 and prior years will not be treated as performance-based compensation under Section 162(m).

## **REPORT OF THE COMPENSATION COMMITTEE**

The Compensation Committee has reviewed and discussed the foregoing Compensation Discussion and Analysis with management. Based on this review and discussion, the Compensation Committee has recommended to the full Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement for filing with the SEC.

Compensation Committee  
Joe W. Laymon, Chairman  
David L. Landsittel  
James S. Metcalf

## EXECUTIVE COMPENSATION

### Summary Compensation Table

The following table sets forth information regarding the compensation for each of our NEOs for FY09. In accordance with the SEC's rules, FY08 and FY07 compensation is not presented for Messrs. Hirokawa and Brock because they were not NEOs in those years.

Name	Year	Salary \$(1)	Stock Awards \$(2)	Option Awards \$(2)	Non-Equity Incentive Plan Compensation \$(3)	All Other Compensation \$(4)	Total (\$)
Martin P. Slark	2009	\$836,853	\$1,677,799	\$1,393,563	0	\$ 99,605	\$4,007,820
Vice Chairman and	2008	878,333	1,380,194	1,627,679	0	163,212	4,049,418
Chief Executive Officer	2007	833,333	1,120,651	1,858,885	0	199,854	4,012,723
David D. Johnson	2009	475,913	748,912	659,045	0	33,372	1,917,242
Executive Vice	2008	477,400	616,012	552,701	0	64,143	1,710,256
President, Treasurer and	2007	455,000	458,833	392,484	0	103,596	1,409,913
Chief Financial Officer							
Liam G. McCarthy	2009	541,583	706,084	950,954	0	62,554	2,261,175
President and Chief	2008	568,332	550,926	839,148	0	93,302	2,051,708
Operating Officer	2007	545,825	413,499	762,822	0	155,583	1,877,729
Katsumi Hirokawa (5)	2009	472,469	587,636	675,266	0	72,836	1,808,207
Executive Vice President and							
President, Global Micro							
Products Division							
Graham C. Brock (6)	2009	369,386	476,766	437,997	0	508,870	1,793,019
Executive Vice President and							
President, Global Sales and							
Marketing Division							

- (1) The amounts shown reflect the pay reduction effective February 1, 2009. See "Compensation Discussion and Analysis." Messrs. Slark and McCarthy each took a 20% pay reduction and the other executive officers took a 10% pay reduction.
- (2) The amounts shown represent the compensation cost of stock awards and option awards for financial reporting purposes under FAS 123(R), rather than an amount paid to or realized by the NEOs. The FAS 123(R) value as of the grant date is spread over the number of months of service required for the grant to become non-forfeitable. There can be no assurance that the FAS 123(R) amounts will ever be realized. Assumptions used in the calculation of these compensation costs are included in Note 17 to the consolidated financial statements included in the Annual Report on Form 10-K filed with the SEC on August 5, 2009. A description of the awards appears in the narrative text following the table "Fiscal Year 2009 Grants of Plan-Based Awards."
- (3) Since our annual incentive performance measures were not met in FY09, FY08 and FY07, the NEOs did not receive a payout.
- (4) See "All Other Compensation."
- (5) All amounts shown for Mr. Hirokawa were paid in Japanese yen. The method used to convert the compensation values to U.S. dollars was the average of the closing monthly exchange rates during FY09.
- (6) A portion of Mr. Brock's FY09 compensation was paid in British pound sterling. The method used to convert the compensation values to U.S. dollars was the average of the closing monthly exchange rates during FY09.

### All Other Compensation

The following table sets forth amounts for other compensation provided to the NEOs in FY09 included in the "All Other Compensation" column of the "Summary Compensation Table."

Name	Perquisites(1)	Tax Reimbursements(2)	Company Contributions to Defined Contribution Plans(3)	Life Insurance Premiums	Total
Martin P. Slark	\$ 65,447	\$ 654	\$29,320	\$4,184	\$ 99,605
David D. Johnson	13,715	1,170	17,059	1,428	33,372
Liam G. McCarthy	41,162	125	19,839	1,428	62,554
Katsumi Hirokawa	36,312	0	29,854	6,670	72,836
Graham C. Brock	317,951	149,853	34,396	6,670	508,870

(1) See "Perquisites."

(2) Tax reimbursements relate to service anniversary awards, annual medical examinations and certain relocation expenses.

(3) See "Company Contributions."

### Perquisites

The following table sets forth amounts for perquisites provided to the NEOs in FY09 included in the "Perquisites" column of the "All Other Compensation" table. The amounts included in the table reflect the actual cost to Molex for providing these perquisites.

Name	Leased Vehicle	Financial Planning	Medical Exam	Overseas Assignment Expenses(1)	Relocation/ Company Paid Housing(2)	Clubs(3)	Total
Martin P. Slark	\$24,803	\$27,885	\$ 4,562	0	\$ 0	\$8,197	\$ 65,447
David D. Johnson	9,497	1,415	2,803	0	0	0	13,715
Liam G. McCarthy	19,893	21,269	0	0	0	0	41,162
Katsumi Hirokawa	15,310	0	398	0	20,604	0	36,312
Graham C. Brock	35,368	4,514	17,480	24,437	236,152	0	317,951

(1) Mr. Brock served on expatriate assignment during FY09.

(2) The amounts shown reflect the relocation expenses for Mr. Brock incurred in connection with his overseas assignment and Mr. Hirokawa's housing allowance.

(3) The amount shown for Mr. Slark includes memberships used primarily for business purposes, but because corporate members are not permitted, the memberships are held in Mr. Slark's name.

### Company Contributions

The following table sets forth amounts included in the "Company Contributions to Defined Contribution Plans" column of the "All Other Compensation" table for FY09 as follows: (i) Molex matching contributions to the Molex Incorporated 401(k) Savings Plan; (ii) Molex contributions to the Profit Sharing Plan; (iii) Molex contributions to the SERP; and (iv) Molex contributions to non-U.S. retirement plans. This table does not include contributions made by each of the NEOs to these plans.

Name	401(k) Plan	Profit-Sharing	SERP	Non-US Retirement Plans	Total
Martin P. Slark	\$2,450	\$6,900	\$19,970	\$ 0	\$29,320
David D. Johnson	2,450	6,900	7,709	0	17,059
Liam G. McCarthy	2,450	6,900	10,489	0	19,839
Katsumi Hirokawa (1)	0	0	0	29,854	29,854
Graham C. Brock (2)	0	0	0	34,396	34,396



- (1) The amount shown represents contributions to the Japanese national retirement plan and the Molex-Japan Directors Retirement Trust, a defined contribution plan under which Molex makes discretionary annual contributions to eligible executive directors of Molex Japan. During FY09, Molex made contributions totaling 6.3% of base salary.
- (2) The amount shown represents contributions to the *Molex Group Personal Pension Plan*, a defined contribution retirement savings plan under which employee and company contributions are based upon the participant's age, service and salary. Participating employees contribute between 2% and 5% of their salary and if the employee participates at these minimum levels, Molex makes a contribution between 4.5% and 11.5% of salary.

### Fiscal Year 2009 Grants of Plan-Based Awards

The following table provides information on the estimated possible payouts under the Annual Incentive Plan for FY09, based on certain assumptions about the achievement of performance objectives for Molex and the individual NEOs at various levels. Since Molex's operating performance incentive thresholds were not met in FY09, the NEOs did not receive a payout. The table also provides information on stock awards and stock options to acquire shares of Class A Common Stock granted in FY09 to each of the NEOs. There can be no assurance that the amounts in the "Grant Date Fair Value of Stock and Option Award" column will ever be realized.

Name	Type of Award	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards \$(1)			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Award \$(2)
			Threshold (\$)	Target (\$)	Maximum (\$)				
Martin P. Slark	Annual Incentive Award		\$-	\$627,639	\$1,255,279				
	Restricted Stock	08/15/08				75,000			\$1,844,250
	Stock Options	08/15/08					200,000	\$24.59	930,702
David D. Johnson	Annual Incentive Award		-	285,547	571,095				
	Restricted Stock	08/15/08				25,000			614,750
	Stock Options	08/15/08					100,000	24.59	465,351
Liam G. McCarthy	Annual Incentive Award		-	324,949	649,899				
	Restricted Stock	08/15/08				30,000			737,700
	Stock Options	08/15/08					125,000	24.59	581,689
Katsumi Hirokawa	Annual Incentive Award		-	236,234	472,469				
	Restricted Stock	08/15/08				25,000			614,750
	Stock Options	08/15/08					75,000	24.59	349,013
	Restricted Stock	04/24/09				50,000			725,500
	Stock Options	04/24/09					125,000	14.51	432,202
Graham C. Brock	Annual Incentive Award		-	184,693	369,386				
	Restricted Stock	08/15/08				20,000			491,800
	Stock Options	08/15/08					60,000	24.59	279,211
	Restricted Stock	04/24/09				50,000			725,500
	Stock Options	04/24/09					125,000	14.51	432,202

- (1) As further described under "Compensation Discussion and Analysis," the target award opportunity for Mr. Slark is equal to 75% of base salary, and the target award opportunities for the other NEOs range from 50% to 60% of base salary. The maximum award opportunity for Mr. Slark is equal to 150% of base salary, and the maximum award opportunities for the other NEOs range from 100% to 120%. We used these percentages to calculate the "target" and "maximum" amounts noted. There are no "thresholds" under our FY09 annual incentive program.
- (2) Reflects the aggregate grant date fair value of stock bonus awards and stock options as calculated in accordance with FAS 123(R). There can be no assurance that the FAS 123(R) amounts will ever be realized. Assumptions used in the calculation of these values are included in Note 17 to the consolidated financial statements included in the Annual Report on Form 10-K filed with the SEC on August 5, 2009.

**Annual Incentive Awards.** The annual incentive awards are further described under "Compensation Discussion and Analysis." The awards are granted under the Molex Incorporated Annual Incentive Plan, which was approved by stockholders at the 2008 annual meeting. The purpose of the AIP is to enhance stockholder value and promote the attainment of our significant business objectives by basing a portion of an employee's annual cash compensation on the achievement of specific performance goals. All of our executive officers and other key employees are eligible to participate in the AIP. The AIP is administered by the Compensation Committee with respect to executive officers and by the CEO with respect to other key employees. The CEO determines the other key employees who are eligible to participate in the AIP. The Compensation Committee determines which participants will be treated as "covered employees" for purposes of Section 162(m) of the Internal Revenue Code.

As it relates to awards for executive officers, each year the Compensation Committee (i) establishes one or more performance measures; (ii) sets the annual performance goal with respect to such performance measure for the Company, a business unit or an individual; (iii) establishes the weighting to be given to the performance measure and performance goal; and (iv) designates whether an award will be a Section 162(m) Award. As it relates to awards for other key employees, each year the CEO makes the same determinations as described above except he will not be designating Section 162(m) Awards.

The Compensation Committee and/or the CEO determine the amount available for payment of annual incentives in any year or any other measurement period. The aggregate maximum amount that may be paid to any one participant during any fiscal year with respect to all awards under the AIP is \$10,000,000.

*Restricted Stock and Stock Options.* The restricted stock and stock option programs are further described under "Compensation Discussion and Analysis." The restricted stock and stock option awards are granted under the 2008 Molex Stock Incentive Plan (the "SIP"), which was approved by stockholders at the 2008 annual meeting. The purpose of the SIP is to optimize our profitability and growth through stock incentives that are consistent with our goals and that link and align the personal interests of directors, officers and employees to those of our stockholders. The SIP also enables us to attract, motivate, and retain directors, officers and employees who make significant contributions to our success and to allow such individuals to share in our success. The plan is intended to meet the requirements of Section 162(m) of the Internal Revenue Code by qualifying certain awards as performance-based compensation. The SIP is administered by the Compensation Committee and the Stock Option Plan Committee. The Compensation Committee is responsible for administering awards to executive officers.

## Outstanding Equity Awards at 2009 Fiscal Year-End

The following table sets forth summary information regarding the outstanding stock options and restricted stock awards at June 30, 2009 held by each of our NEOs. Unless otherwise noted, option awards and stock awards are for the acquisition of shares of Class A Common Stock and vest ratably over four years commencing on the first anniversary of the grant date.

Name	Grant Date	Option Awards				Grant Date	Stock Awards	
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date		Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(4)
Martin P. Slark	07/25/2002	100,000(1)	0	\$ 22.28	07/25/2009	10/28/2005	15,625	\$ 224,688
	06/02/2003	75,000	0	23.62	06/02/2010	08/15/2006	31,250	449,375
	10/24/2003	175,000	0	25.99	10/24/2013	08/15/2007	56,250	808,875
	07/29/2004	175,000(1)	0	24.76	07/29/2009	08/15/2008	75,000	1,078,500
	10/28/2005	140,625	46,875	23.86	10/28/2010			
	08/15/2006	93,750	93,750	29.79	08/15/2011			
	08/15/2007	50,000	150,000	22.82	08/15/2012			
	08/15/2008	0	200,000	24.59	08/15/2013			
David D. Johnson	05/16/2005	100,000	0	22.80	05/16/2010	09/12/2005	2,500	35,950
	09/12/2005	22,500	7,500	24.33	09/12/2010	07/27/2006	7,500	107,850
	08/15/2006	37,500	37,500	29.79	08/15/2011	08/15/2006	12,500	179,750
	08/15/2007	25,000	75,000	22.82	08/15/2012	08/15/2007	18,750	269,625
	08/15/2008	0	100,000	24.59	08/15/2013	08/15/2008	25,000	359,500
Liam G. McCarthy	07/25/2002	6,250(1)	0	22.28	07/25/2009	07/01/2005	6,250	89,875
	10/24/2003	17,990	0	25.99	10/24/2013	08/15/2006	15,000	215,700
	08/26/2004	17,800(2)	0	25.51	08/26/2009	08/15/2007	22,500	323,550
	07/01/2005	112,500	37,500	23.54	07/01/2010	08/15/2008	30,000	431,400
	08/15/2006	62,500	62,500	29.79	08/15/2011			
	08/15/2007	31,250	93,750	22.82	08/15/2012			
	08/15/2008	0	125,000	24.59	08/15/2013			
Katsumi Hirokawa	10/09/2002	0	10,000(3)	9.275	10/09/2011	07/28/2005	4,687	67,399
	10/30/2003	0	20,000(3)	12.595	10/30/2012	08/15/2006	12,500	179,750
	05/02/2005	0	10,000(3)	11.455	05/02/2014	08/15/2007	18,750	269,625
	05/02/2005	5,000	0	11.455	05/02/2010	08/15/2008	25,000	359,500
	07/28/2005	42,187	14,063	26.06	07/28/2010	04/24/2009	50,000	719,000
	08/15/2006	37,500	37,500	29.79	08/15/2011			
	08/15/2007	18,750	56,250	22.82	08/15/2012			
	08/15/2008	0	75,000	24.59	08/15/2013			
	04/24/2009	0	125,000	14.51	04/24/2019			
Graham C. Brock	10/09/2002	0	8,000(3)	9.275	10/09/2011	07/28/2005	3,750	53,925
	07/28/2005	33,750	11,250	26.06	07/28/2010	08/15/2006	10,000	143,800
	08/15/2006	30,000	30,000	29.79	08/15/2011	08/15/2007	15,000	215,700
	08/15/2007	15,000	45,000	22.82	08/15/2012	08/15/2008	20,000	287,600
	08/15/2008	0	60,000	24.59	08/15/2013	04/24/2009	50,000	719,000
	04/24/2009	0	125,000	14.51	04/24/2019			

(1) These options expired unexercised on July 25 and 29, 2009, as indicated above.

(2) This option expired unexercised on August 26, 2009, as indicated above.

(3) This is a long-term option to acquire shares of Class A Common Stock that vests on the eighth anniversary of the grant date.

(4) Based on the \$14.38 per share closing price of the Class A Common Stock on June 30, 2009.

## Fiscal Year 2009 Option Exercises and Stock Vested

This table summarizes the vesting of stock awards for each of the NEOs for FY09. No stock options were exercised by the NEOs in FY09.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting #(1)	Value Realized on Vesting \$(2)
Martin P. Slark	0	0	55,000	\$1,159,520
David D. Johnson	0	0	25,000	536,839
Liam G. McCarthy	0	0	22,175	534,449
Katsumi Hirokawa	0	0	17,187	411,990
Graham C. Brock	0	0	13,750	329,600

- (1) Includes the following number of shares retained by Molex for the payment of applicable taxes: Mr. Slark, 21,700; Mr. Johnson, 7,365; Mr. McCarthy, 6,532; Mr. Hirokawa, 0; and Mr. Brock, 0.
- (2) The aggregate dollar value realized on vesting of the stock awards was calculated by multiplying the closing price of Class A Common Stock on the vesting date by the number of vested shares.

## Fiscal Year 2009 Nonqualified Deferred Compensation

**Profit Sharing and Retirement Plan.** The Profit Sharing Plan is a defined contribution plan under which we make discretionary annual contributions equal to the percentage of each eligible participant's compensation that we determine for the year. The NEOs participate in the Profit Sharing Plan on the same terms as are applicable to other employees. During FY09, we made a contribution equal to 3% of eligible compensation to U.S. eligible employees, including the NEOs. Eligible compensation includes base salary and bonuses subject to a dollar limit set by the IRS. For calendar years 2008 and 2009 the IRS limit was \$230,000 and \$245,000, respectively. In addition, several other IRS limits apply to contributions to the Profit Sharing Plan. Amounts that we could not contribute to the Profit Sharing Plan because of these limits were contributed to the SERP to restore the intended benefit of the Profit Sharing Plan.

Participants may elect to invest the amounts that we contribute in a variety of mutual funds, including managed income, bond, fixed income, large-, mid-, and small-cap equity funds, international equity funds and lifestyle funds. Earnings/(Loss) on such investments were in the range of (40.61)% to 2.93% during calendar year 2008 and (5.55)% to 18.24% for the first six months of calendar year 2009. Molex stock is not an investment option, and "above market" crediting rates are not offered. A participant may transfer investments among the various investment alternatives on a daily basis. Amounts that we contribute commence vesting on a participant's second anniversary of employment. At that time, amounts vest in 20% annual increments and become fully vested on the participant's sixth anniversary of employment. In addition, a participant will become fully vested upon attaining age 65 or becoming disabled while in our employ, regardless of his or her years of employment or if they retire at age 59½ with 15 years of service. Vested amounts are distributed to a participant upon separation from service.

**2005 Molex Supplemental Executive Retirement Plan.** The SERP is a nonqualified defined contribution plan available to participants in the Profit Sharing Plan who are affected by the IRS contribution limits. As noted above, we contribute to the SERP on behalf of each participant an amount equal to the contributions we could not make to the Profit Sharing Plan on such participant's behalf due to IRS contribution limits. Each participant may elect to invest the amounts that we contribute on his or her behalf in a variety of mutual funds, including money market, bond, fixed income, large-, mid-, and small-cap equity funds, international equity funds and lifestyle funds. Earnings/(Loss) on such investments were generally in the same ranges as for the Profit Sharing Plan, (40.61)% to 3.76% during calendar year 2008 and (5.55)% to 18.24% for the first six months of calendar year 2009. Molex stock is not an investment option, and "above market" crediting rates are

not offered. A participant may transfer investments among the various investment alternatives on a daily basis.

Amounts that we contribute under the SERP vest in accordance with the same vesting schedule used by the Profit Sharing Plan. Vested amounts are distributed to a participant (or, in the event of the participant's death, the participant's beneficiary) upon the earlier of separation from service, death or disability. Participants may elect to receive their distributions in either a single lump sum payment or five annual installments. However, if distribution is due to separation from service prior to attaining age 59½ or death, payment will be made in a single sum payment, regardless of the participant's election. To the extent permitted under Section 409A of the Internal Revenue Code, distributions may be accelerated in the event of an unforeseeable emergency. Distributions to an NEO on account of separation from service cannot begin earlier than six months after separation from service.

The table below provides information for each NEO for FY09: (i) the dollar amount of aggregate contributions made by us on behalf of a NEO to the SERP; (ii) the dollar amount of aggregate interest or other earnings accrued on the NEO's account in the SERP; (iii) the aggregate dollar amount of all withdrawals by and distributions to the NEO, and (iv) the dollar amount of total balance of the NEO's SERP account as of June 30, 2009. Participants do not make contributions to the SERP.

Name	Executive Officer Contribution (\$)	Molex Contribution (\$)	Aggregate Earnings (Loss) (\$)	Aggregate Withdrawals/Distributions (\$)	Aggregate Balance at June 30, 2009 (\$)
Martin P. Slark	\$0	\$19,970	\$(161,588)	\$0	\$620,335
David D. Johnson	0	7,709	(14,635)	0	73,878
Liam G. McCarthy	0	10,489	(3,431)	0	122,327
Katsumi Hirokawa	0	0	0	0	0
Graham C. Brock	0	0	0	0	0

*Molex Executive Deferred Compensation Plan.* The Molex Executive Deferred Compensation Plan permits participants to defer all or a portion of their base salary and incentive during the calendar year (fiscal year, in the case of incentives). Each participant may elect to invest his or her deferrals in a variety of mutual funds, including money market, bond, fixed income, large-, mid-, and small-cap equity funds, international equity funds and lifestyle funds. Molex stock is not an investment option, and "above market" crediting rates are not offered. The investment performance is reported under "Profit Sharing and Retirement Plan." Participants may transfer investments among the various investment alternatives on a daily basis.

Participants make separate elections each year regarding the amount to defer, the deferral period, and the method of distribution at the end of the deferral period. Generally, a participant's deferrals (adjusted for investment gain or loss) will be distributed to the participant (or, in the case of the participant's death, the participant's beneficiary) upon the earlier of the participant's separation from service, death or disability. However, a participant can elect to have his or her deferrals (adjusted for investment gain or loss) for a particular year distributed after a specified period of time, which must be at least two years after the beginning of the year to which they relate. An election for such in-service distribution will be effective only if the participant remains employed until the specified distribution date. Participants who separate from service prior to the specified distribution date must begin receiving payments after separation from service even if the specified deferral period has not expired.

All distributions will be made in a single sum payment, except that a participant may elect to receive amounts distributed on account of his or her separation from service after attaining age 59½ or disability in five annual installments. To the extent permitted under Section 409A of the Internal Revenue Code, distributions may be accelerated in the event of an unforeseeable emergency. Distributions to executive officers cannot begin earlier than six months after separation from service.

Currently, none of the NEOs participate in the deferred compensation plan.

As nonqualified defined contribution plans, benefits under the SERP and the deferred compensation plan are considered to be our obligations, payable from our general assets. To assist us in accumulating the funds necessary to pay these benefits, we have established a grantor trust to which we contribute participant deferrals. Benefits will be paid from this trust, to the extent it has sufficient assets, and from us, to the extent the trust does not have sufficient assets.

### Potential Payments Upon Termination or Change-in-Control

We do not currently provide executive officers with pension benefits or employment, severance or change in control agreements. On a case-by-case basis, the Compensation Committee has approved individual retirement packages to retiring executive officers based on years of service and contribution to Molex.

Under our equity compensation plans, outstanding and unvested stock options will become fully vested and exercisable, and outstanding and unvested restricted stock will become fully vested and be distributed upon a participant's death, disability, retirement, or involuntary termination. In addition, the awards will vest upon a change in control irrespective of a termination of employment. In the event of a change in control where the Company ceases to have publicly traded equity securities, after the consummation of the change in control, if no replacement awards are issued in lieu of outstanding awards under the equity plans, then the plans and all outstanding awards granted under the plans will terminate, and the Company (or successor) will pay the participants an amount for their outstanding awards determined using the change-in-control price. These provisions apply to all employees who participate in the Company's equity plans. The outstanding equity awards held by the NEOs as of June 30, 2009 are described above under "Outstanding Equity Awards at 2009 Fiscal Year-End."

We have estimated the amount of incremental compensation for each of Messrs. Slark, Johnson, McCarthy, Hirokawa and Brock would receive due to accelerated vesting of outstanding restricted stock awards upon termination of the officer's employment in the event of the officer's death, disability, retirement or involuntary termination, or upon a change of control irrespective of a termination of employment, as follows: Mr. Slark, \$2,561,437; Mr. Johnson, \$952,675; Mr. McCarthy, \$1,060,525; Mr. Hirokawa, \$1,595,274; and Mr. Brock, \$1,420,025. These amounts assume that the termination of employment or change in control was effective as of June 30, 2009 and that the price of Class A Common Stock on which the calculations are made was the closing price of \$14.38 on that date. There is no value reflected for acceleration of stock options as of June 30, 2009 for Messrs. Slark, Johnson and McCarthy because the exercise prices of all unvested stock options held by these officers are greater than the closing price of our Class A Common Stock on June 30, 2009. We have estimated the value for the acceleration of stock options as of June 30, 2009 for Messrs. Hirokawa and Brock at \$116,000 and \$40,840, respectively. The amounts shown above are estimates of the incremental compensation these officers would receive upon such terminations or a change of control. The actual amounts to be received can only be determined at the time of the officer's termination of employment or at the time of a change in control.

An "involuntary termination" is defined for purposes of the Company's equity plans to mean the Company's or a subsidiary's termination of a participant's employment pursuant to a planned employee reduction plan if:

- The participant has reached age 55 and was employed at least 20 years with the Company or a subsidiary; or
- The participant was employed at least 25 years with the Company or a subsidiary.

A “change in control” is defined for purposes of the Company’s equity plans to mean:

- The purchase or other acquisition by any person, entity or group of beneficial ownership of more than 50% of either the outstanding shares of Common Stock or the combined voting power of Molex’s then outstanding voting securities entitled to vote generally;
- The approval by Molex’s stockholders of a reorganization, merger or consolidation, in each case, with respect to which persons who were Molex stockholders immediately prior to such reorganization, merger or consolidation, immediately thereafter, own more than 50% of the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated company’s then outstanding securities;
- A liquidation or dissolution of Molex; or
- The sale of all or substantially all of Molex’s assets (i.e., greater than 40% of the total gross fair market value of all of the assets of Molex immediately prior to such sale or disposition) within a 12-month period ending on the date of the most recent sale or disposition.

In addition, as described in greater detail below under “Transactions with Related Persons,” we have agreements with each of Frederick A. Krehbiel and John H. Krehbiel, Jr., pursuant to which we have agreed that if either of them dies while employed, we will pay his wife, if she survives him, \$125,000 per year for the remainder of her life.

### TRANSACTIONS WITH RELATED PERSONS

The Audit Committee adopted a written policy governing the review and approval of related person transactions. The policy requires that certain transactions with “related persons” be approved and/or ratified by the Audit Committee. The transactions covered by this policy include any transaction in which we are a participant, the amount involved exceeds \$120,000, and any related person has a direct or indirect material interest. In accordance with SEC regulations, the term “related person” refers to stockholders of more than 5%, directors (and nominees for director), executive officers and their family members.

The policy provides standing pre-approval for certain types of transactions that the Audit Committee has determined do not pose a significant risk of a conflict of interest, either because a related person would not have a material interest in a transaction of that type or other characteristics of the transaction eliminate the risk of a conflict of interest. Standing pre-approval applies to the following:

- Any transaction between us and another company at which a related person’s only relationship is as an employee (other than an executive officer), director or beneficial owner of less than 10% of that company’s shares, if the aggregate amount involved does not exceed the greater of 2% of the other company’s gross revenues for that year or \$200,000;
- Any charitable contribution by us to an organization at which a related person’s only relationship is as an employee (other than an executive officer) or director, if the aggregate amount involved does not exceed the greater of 2% of the charitable organization’s total annual receipts for that year or \$200,000;
- Any transaction where the related person’s interest arises solely from the ownership of our stock and all stockholders received or will receive the same benefit on a pro rata basis; and
- Any transaction involving a related person where the rates or charges involved are determined by competitive bids.

Also, our employment of an immediate family member of one of our directors or executive officers is not subject to the policy unless the family member’s total compensation (salary, bonus,

perquisites and value of equity awards) exceeds \$120,000 and/or the family member is appointed an officer.

### Certain Transactions

We engage in transactions, arrangements and relationships with many other entities, including financial institutions and professional organizations, in the course of ordinary business activities. Some of our directors, executive officers, greater than 5% stockholders and their immediate family members may be directors, officers, partners, employees or stockholders of these entities. We carry out transactions with these firms on customary terms, and, in many instances, our directors and executive officers may not have knowledge of them. For example, please see the discussion on page 10 regarding payments made to or received from companies that employ certain of our non-employee directors. Except to the extent set forth below, to our knowledge, since July 1, 2008 no director, executive officer, greater than 5% stockholder or any of their immediate family members has had a material interest in any of our ongoing business transactions or relationships.

### Individual Arrangements Involving Future Compensation

On February 1, 1991, each of Frederick A. Krehbiel and John H. Krehbiel, Jr., entered into an agreement pursuant to which we agreed that if either of them dies while employed, we will pay his wife, if she survives him, \$125,000 per year for the remainder of her life. Starting with January 1, 1992 the annual amount is automatically adjusted every January 1 to reflect an increase (or decrease) in the Consumer Price Index for the preceding calendar year at the rate of said increase or decrease. Each agreement terminates in the event that employment terminates for any reason other than death. As of March 31, 2009, we had accrued \$73,000 for Frederick A. Krehbiel's arrangement and \$158,000 for John H. Krehbiel, Jr.'s arrangement. These amounts are included in the table below under "All Other Compensation."

### Compensation of Employee Directors

Frederick A. Krehbiel, Fred L. Krehbiel, and John H. Krehbiel, Jr. are members of the Board and are also employees. During FY09, they were paid and/or earned the following amounts:

Name	Salary(\$)	Bonus(\$)	All Other Compensation (\$)(1)	Total(\$)
Frederick A. Krehbiel	\$412,500	\$-	\$122,013	\$534,513
Fred L. Krehbiel	217,135	-	24,656	241,791
John H. Krehbiel, Jr.	412,500	-	188,543	601,043

(1) The amounts shown reflect contributions by us to qualified and nonqualified benefit plans, perquisites, executive life insurance premiums, tax gross-ups and the amounts accrued pursuant to the arrangements involving future compensation for Frederick A. Krehbiel and John H. Krehbiel, Jr.

On September 2, 2008 and April 24, 2009, Fred L. Krehbiel was granted 1,000 and 6,000 shares of restricted stock, respectively. On August 15, 2008 and April 24, 2009, he received stock options to purchase 15,000 and 18,000 shares of Class A Common Stock, respectively. The stock options vest ratably over four years commencing on the first anniversary of the grant date; the August 15, 2008 grant expires five years following the grant date and the April 24, 2009 grant expires ten years following the grant date. There were no equity grants to Frederick A. Krehbiel or John H. Krehbiel, Jr., during FY09. Frederick A. Krehbiel, Fred L. Krehbiel and John H. Krehbiel, Jr., are all eligible to participate in our compensation, benefit and health and welfare plans generally to the same extent as all other Molex employees.



## Stock Repurchase

On October 31, 2008, Molex purchased 2,000,000 shares of Common Stock from Frederick A. Krehbiel at a price per share of \$13.33, a discount from the closing price on the date of purchase. Molex made this purchase from Mr. Krehbiel pursuant to its stock repurchase program.

## OTHER MATTERS

### Stockholder Proposals and Nominations

There are two different procedures by which stockholders may present proper proposals for action at our annual meetings of stockholders. The first procedure is provided by the rules of the SEC and the second by our Bylaws.

Pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, to be eligible for inclusion in the proxy statement for our 2010 annual meeting, your proposal must be received by us no later than May 14, 2010, and must otherwise comply with Rule 14a-8. While the Board will consider stockholder proposals, it reserves the right to omit from our proxy statement stockholder proposals that it is not required to include.

Our Bylaws permit stockholders of record to propose business to be considered at an annual meeting without being included in our proxy statement. Such business must be a proper matter for stockholder action, and the stockholder proposing it must comply with the applicable notice provisions of our Bylaws. Consistent with our Bylaws, the Corporate Governance and Nominating Committee has adopted "Procedures for Stockholders Submitting Nominating Recommendations," a copy of which is included in this Proxy Statement as Appendix IV and on our website, [www.molex.com](http://www.molex.com), on the Investors page under Corporate Governance. Stockholders who desire to nominate a candidate for election to the Board must follow these procedures. As to any other business that a stockholder proposes to bring before an annual meeting, other than nominations, the Bylaws provide that a stockholder's notice must include a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of the stockholder making the proposal.

In order to propose a nomination or some other item of business for the 2010 annual meeting under our Bylaws that is not submitted for inclusion in our proxy statement under Rule 14a-8, you must notify us in writing and such notice must be delivered to the Secretary no earlier than August 1, 2010, and no later than August 31, 2010. If, however, the date of the 2010 annual meeting is more than 30 days before or more than 60 days after the first anniversary of the 2009 annual meeting, then notice must be delivered not earlier than 90 days before the 2010 annual meeting and not later than 60 days before the 2010 annual meeting or the tenth day following the day on which public announcement of the date of the 2010 annual meeting is first made. You may write to our Secretary at 2222 Wellington Court, Lisle, Illinois 60532, to deliver the notices discussed above and to request a copy of the relevant Bylaw provisions regarding the requirements for making stockholder proposals.

### Compliance and Ethics

We have adopted a Code of Business Conduct and Ethics for directors, officers and employees, and a Code of Ethics for Senior Financial Management. The full text of these codes can be found on our website at [www.molex.com](http://www.molex.com). We intend to post any amendments to or waivers from these codes on our website.

### Annual Report on Form 10-K

The 2009 Annual Report on Form 10-K (including exhibits), as amended, which we refer to as our "Form 10-K," is available by accessing the Company's website at [www.molex.com](http://www.molex.com) or the SEC's website at [www.sec.gov](http://www.sec.gov). Stockholders may request a free copy of our Form 10-K by contacting

Investor Relations at (630) 527-4447. We will furnish any exhibit to our Form 10-K if specifically requested to do so.

**Householding of Proxy Materials**

The SEC allows us to send a single proxy statement and annual report to two or more stockholders who share the same address, subject to certain conditions. This practice is known as householding. If your household receives multiple copies of our proxy statements and annual reports and you wish to receive only one copy, please call your bank or broker or contact Investor Relations by telephone at (630) 527-4447 or by mail at 2222 Wellington Court, Lisle, Illinois 60532. Conversely, if your household receives only one copy of our proxy statements and annual reports and you would prefer to receive separate copies for each account, please call your bank or broker or contact Investor Relations by telephone or mail as described above and ask to have your accounts removed from the householding program.

**APPENDIX I**  
**MOLEX INCORPORATED**  
**CRITERIA FOR MEMBERSHIP ON THE BOARD OF DIRECTORS**

Personal characteristics to be sought in candidates for the Board:

1. Well-regarded in the community with long-term, good reputation for highest ethical and moral standards.
2. Good common sense and judgment.
3. An independent, objective, candid, yet constructive approach.
4. The ability to contribute from a diversity of perspectives including geographical, cultural and professional.
5. A strategic perspective, an awareness of the dynamics of change and the need to anticipate and capitalize on opportunities.
6. A history of significant business or professional responsibilities leading to a positive record of accomplishment in present and prior positions.
7. Business and/or professional knowledge and experience applicable to the Company's business.
8. The time, energy, interest, and willingness to assume the full responsibilities of being a member of the Board.

PROXY STATEMENT

**APPENDIX II****MOLEX INCORPORATED  
PROCEDURES FOR IDENTIFYING AND EVALUATING CANDIDATES FOR DIRECTOR**

The Company is of the view that the continuing service of qualified incumbents promotes stability and continuity in the boardroom, contributing to the Board's ability to work as a collective body, while giving the Company the benefit of the familiarity and insight into the Company's affairs that its directors have accumulated during their tenure. Accordingly, the process of the Committee for identifying nominees shall reflect the Company's practice of re-nominating incumbent directors who continue to satisfy the Committee's criteria for membership on the Board, whom the Committee believes continue to make important contributions to the Board and who consent to continue their service on the Board.

In view of the foregoing, the Committee will observe the following procedures in identifying and evaluating candidates for election to the Company's Board of Directors

1. In considering candidates for election at annual meetings of shareholders, the Committee will first determine the incumbent directors whose terms expire at the upcoming meeting and who wish to continue their service on the Board.
2. The Committee will evaluate the qualifications and performance of the incumbent directors that desire to continue their service. In particular, as to each such incumbent director, the Committee will-
  - Consider if the director continues to satisfy the minimum qualifications for director candidates adopted by the Committee;
  - Review the assessments of the performance of the director during the preceding term made by the Company's Governance Committee; and
  - Determine whether there exist any special, countervailing considerations against re-nomination of the director.
3. If the Committee determines that-
  - An incumbent director consenting to re-nomination continues to be qualified and has satisfactorily performed his or her duties as director during the preceding term; and
  - There exist no reasons, including considerations relating to the composition and functional needs of the Board as a whole, why in the Committee's view the incumbent should not be re-nominated,the Committee will, absent special circumstances, propose the incumbent director for re-election.
4. The Committee will identify and evaluate new candidates for election to the Board where there is no qualified and available incumbent for the purpose of filling vacancies arising by any reason including resignation, retirement, removal, death or disability of an incumbent director or a decision of the directors to expand the size of the Board.
5. The Committee will solicit recommendations for nominees from persons that the Committee believes are likely to be familiar with qualified candidates. These persons may include members of the full Board including members of this Committee, and management of the Company. The Committee may also determine to engage a professional search firm to assist in identifying qualified candidates.
6. As to each recommended candidate that the Committee believes merits consideration, the Committee will-
  - Cause to be assembled information concerning the background and qualifications of the candidate, including information concerning the candidate required to be disclosed in the

Company's proxy statement under the rules of the SEC and any relationship between the candidate and the person or persons recommending the candidate;

- Determine if the candidate satisfies the minimum qualifications required of candidates for election as director by the Committee or applicable Nasdaq or SEC Rules;
  - Determine if the candidate possesses any of the specific qualities or skills that under the Committee's policies must be possessed by one or more members of the Board;
  - Consider the contribution that the candidate can be expected to make to the overall functioning of the Board; and
  - Consider the extent to which the membership of the candidate on the Board will promote diversity among the directors.
7. It is appropriate for the Committee, in its discretion, to solicit the views of the Chief Executive Officer, other members of the Company's senior management and other members of the Board regarding the qualifications and suitability of candidates to be nominated as directors.
  8. In its discretion, the Committee may designate one or more of its members (or the entire Committee) and members of senior management to interview any proposed candidate.
  9. Based on all available information and relevant considerations, the Committee will select a candidate who, in the view of the Committee, is most suited for membership on the Board.
  10. In making its selection, the Committee will evaluate candidates proposed by shareholders pursuant to the procedures adopted by the Committee and under criteria similar to the evaluation of other candidates, except that the Committee may consider, as one of the factors in its evaluation of shareholder recommended nominees, the size and duration of the interest of the recommending shareholder or shareholder group in the equity of the Company.
  11. The Committee shall maintain appropriate records regarding its process of identifying and evaluating candidates for election to the Board.

### **APPENDIX III**

#### **MOLEX INCORPORATED PROCEDURES FOR STOCKHOLDER COMMUNICATIONS WITH DIRECTORS**

It is Molex's policy to facilitate communications of stockholders with the Board of Directors and its Committees subject to the following conditions:

1. Molex's acceptance and forwarding of communications to the Board or its members does not imply that the directors owe or assume any fiduciary duty to the person submitting the communication - applicable law prescribes all such duties.
2. Communications to the directors must be in writing and sent to the Secretary at 2222 Wellington Court, Lisle, IL 60532.
3. The following types of communications are not appropriate for delivery to directors:
  - Communications regarding individual grievances or other interests that are personal to the party submitting the communications and could not be construed to be of concern to the stockholders or other constituencies of Molex such as employees, customers, suppliers, etc.;
  - Communications that advocate engaging in illegal activities;
  - Communications that contain offensive, scurrilous or abusive content; and
  - Communications that have no rational relevance to Molex's business or operations.
4. All communications must be accompanied by the following information regarding the person submitting the communication:
  - If the person is a stockholder, a statement of the type and amount of the Molex stock that the person holds;
  - If the person is not a stockholder and is submitting the communication as an interested party, the nature of the person's interest in Molex;
  - The address, telephone number and e-mail address, if any, of the person.
5. Upon receipt by the Secretary, the following will occur:
  - The communication will be logged identifying the person submitting the communication, the nature of its content and the action taken with respect to the communication.
  - A review as to whether the conditions of these procedures have been complied with.
  - An acknowledgement will be sent to the submitter advising whether the communication will be forwarded and if not, why not.
6. If a communication is not presented to the directors because of failure to meet the conditions of these procedures, that communication must nonetheless be made available to any director to whom it was directed and who wishes to review it.
7. Communications deemed appropriate for delivery shall be delivered to the directors on periodic basis, generally in advance of each regularly scheduled meeting of the Board.
8. If so instructed by the Chairman of the Board, communications directed to the Board as a whole, but relating to the competence of one of the Board's committees, shall be delivered to that committee, with a copy to the Chairman.

## **APPENDIX IV**

### **MOLEX INCORPORATED PROCEDURES FOR STOCKHOLDERS SUBMITTING NOMINATING RECOMMENDATIONS**

The Nominating and Corporate Governance Committee (Committee) will accept for consideration submissions from stockholders of recommendations for the nomination of directors subject to the following terms and conditions:

#### **1. Manner and Address for Submission**

All stockholders nominating recommendations must be in writing, addressed to the Secretary at 2222 Wellington Court, Lisle, IL 60532. Submissions must be made by mail, courier or personal delivery. E-mailed submissions will not be considered.

#### **2. Information Concerning the Recommending Stockholders**

A nominating recommendation must be accompanied by the following information concerning each recommending stockholder:

- The name and address, including telephone number, of the recommending stockholder;
- The number and class of Molex stock owned by the recommending stockholder and the time period for which such shares have been held;
- If the recommending stockholder is not a stockholder of record, a statement from the record holder of the shares (usually a broker or bank) verifying the holdings of the stockholder and a statement from the recommending stockholder of the length of time that the shares have been held. (Alternatively, the stockholder may furnish a current Schedule 13D, Schedule 13G, Form 3, Form 4 or Form 5 filed with the Securities and Exchange Commission reflecting the holdings of the stockholder, together with a statement of the length of time that the shares have been held); and
- A statement from the stockholder as to whether the stockholder has a good faith intention to continue to hold the reported shares through the date of Molex's next annual meeting of stockholders.

#### **3. Information Concerning the Proposed Nominee**

A nominating recommendation must be accompanied by the following information concerning the proposed nominee:

- The information required by Item 401 of SEC Regulation S-K;
- The information required by Item 403 of SEC Regulation S-K; and
- The information required by Item 404 of SEC Regulation S-K.

#### **4. Relationships Between the Proposed Nominee and the Recommending Stockholder**

The nominating recommendation must describe all relationships between the proposed nominee and the recommending stockholder and any agreements or understandings between the recommending stockholder and the nominee regarding the nomination.

#### **5. Other Relationships of the Proposed Nominee**

The nominating recommendation shall describe all relationships between the proposed nominee and any of Molex's competitors, customers, suppliers or other persons with special interests regarding Molex.

6. Qualifications of the Proposed Nominee

The recommending stockholder must furnish a statement supporting its view that the proposed nominee possesses the minimum qualifications prescribed by the Committee for nominees, and briefly describing the contributions that the nominee would be expected to make to the Board.

7. Ability to Represent All Stockholders

The recommending stockholder must state whether, in the view of the stockholder, the nominee, if elected, would represent all stockholders and not serve for the purpose of advancing or favoring any particular stockholder or other Molex constituency.

8. Timing for Submissions Regarding Nominees for Election at Annual Meetings

A stockholder (or group of stockholders) wishing to submit a nominating recommendation for an annual meeting of stockholders must ensure that it is received by Molex, as provided above, not less than 60 days nor more than 90 days prior to the first anniversary of the preceding year's annual meeting of stockholders. In the event that the date of the annual meeting of stockholders for the current year is more than 30 days following the first anniversary date of the annual meeting of stockholders for the prior year, the submission of a recommendation will be considered timely if it is submitted a reasonable time in advance of the mailing of Molex's proxy statement for the annual meeting of stockholders for the current year.

9. Stockholder Groups

If a recommendation is submitted by a group of two or more stockholders, the information regarding recommending stockholders must be submitted with respect to each stockholder in the group.

10. No Obligation to Nominate a Candidate

Acceptance of a recommendation for consideration does not imply that the Committee will interview or nominate the recommended candidate.



(This page intentionally left blank)



## BOARD OF DIRECTORS

(top row, left to right)

Frederick A. Krehbiel  
Co-Chairman, Molex Incorporated

John H. Krehbiel, Jr.  
Co-Chairman, Molex Incorporated

Michelle L. Collins  
President, Cambium LLC

Fred L. Krehbiel  
Senior Vice President, Technology Innovation,  
Molex Incorporated

Donald G. Lubin  
Partner, Sonnenschein Nath & Rosenthal

Robert J. Potter, Ph.D.  
Chief Executive Officer, R.J. Potter Company

(bottom row, left to right)

James S. Metcalf  
President and COO, USG Corporation

Joe W. Laymon  
Corporate Vice President of Human Resources,  
Chevron Corporation

Michael J. Birck  
Chairman of the Board, Tellabs, Inc.

Edgar D. Jannotta  
Chairman, William Blair & Company, LLC

David L. Landsittel  
Chair, Committee of Sponsoring Organizations  
of the Treadway Commission (COSO)

Dr. Anirudh Dhebar  
Professor of Marketing, Babson College

Martin P. Slark  
Vice Chairman and Chief Executive Officer,  
Molex Incorporated

## EXECUTIVE OFFICERS

Frederick A. Krehbiel  
Co-Chairman

John H. Krehbiel, Jr.  
Co-Chairman

Martin P. Slark  
Vice Chairman and Chief Executive Officer

Liam G. McCarthy  
President and Chief Operating Officer

David D. Johnson  
Executive Vice President, Treasurer  
and Chief Financial Officer

Graham C. Brock  
Executive Vice President and President,  
Global Sales and Marketing Division

James E. Fleischhacker  
Executive Vice President and President,  
Global Commercial Products Division

Katsumi Hirokawa  
Executive Vice President and President,  
Global Micro Products Division

J. Michael Nauman  
Executive Vice President and President,  
Global Integrated Products Division

## STOCK TRANSFER AGENT

Computershare Investor Services, LLC  
2 North LaSalle Street  
Chicago, Illinois 60602

## COMMON STOCK AND CLASS A COMMON STOCK

Molex Common Stock (Symbol MOLX) and Molex Class A Common Stock (Symbol MOLXA) are traded on The Nasdaq Stock Market Inc. (NASDAQ) and the London Stock Exchange. Options are traded on the Chicago Board Options Exchange (CBOE).

## NOTICE OF ANNUAL MEETING

The annual meeting of Molex shareholders will be at 10 a.m. Friday, October 30, 2009, at our corporate headquarters, 2222 Wellington Court, Lisle, Illinois 60532.

## INDEPENDENT AUDITORS

Ernst & Young LLP

## WEBSITE

[www.molex.com](http://www.molex.com)  
The Molex website contains useful information about the company, its products and services, global locations and job listings. In addition, matters found under the "Investors" tab include:

- Annual Report
- Financial Press Releases
- SEC Insider Trading Reports
- Compliance
- Corporate Governance

## FORWARD-LOOKING STATEMENTS

This document contains various forward-looking statements. Statements in this document that are not historical are forward-looking statements. Such statements are subject to various risks and uncertainties that could cause actual results to vary materially from those stated. Such risks and uncertainties include: economic conditions in various regions, product and price competition, raw material prices, successful implementation of restructuring and cost-saving initiatives, industry trends, new product development, foreign currency exchange rate changes, interest rate changes, technology changes, patent issues, litigation results, legal and regulatory developments and other risks and uncertainties described in documents filed with the Securities and Exchange Commission, including the Annual Report on Form 10-K.



**molex**<sup>®</sup>  
one company › a world of innovation

CORPORATE HEADQUARTERS

2222 Wellington Court  
Lisle, Illinois 60532, U.S.A.  
Tel: 630-969-4550  
[www.molex.com](http://www.molex.com)